

DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

700 North 10th Street, Room 258
Sacramento, CA 95814-0338
(916) 341-4200
(916) 341-4203 (FAX)
(916) 327-6318 (TDD)



August 12, 2005

TO: LIHEAP SERVICE PROVIDERS

SUBJECT: 2005 Petroleum Violation Escrow Account (PVEA) Weatherization (WX) Contract

Enclosed are your agency's 2005 Petroleum Violation Escrow Account (PVEA) Weatherization (WX) Contract, allocation spreadsheet, exhibits, and reporting forms. The contract term period is August 1, 2005 through December 31, 2006. As per my letter dated July 19, 2005, the Department of Community Services and Development (CSD) will distribute \$3,297,275 in PVEA funds to all 2005 Low-Income Home Energy Assistance Program (LIHEAP) Service Providers based on the established three-factor formula.

CSD's goal is to provide you with the maximum flexibility to facilitate your administration of California's weatherization programs. The PVEA WX contract is consistent with the 2005 LIHEAP weatherization program; labor rate model, weatherization measures and rates, mileage reimbursement, weatherization automation, and the Supplemental Audit Guide. The PVEA WX allocation provides you an opportunity to budget for similar LIHEAP WX budget line items, with the exception that the contract does not include a training allocation.

Contractual language related to the bimonthly reporting and close-out process was added to the contract. PVEA WX bimonthly expenditure and activity reports are required on or before the fifteenth calendar day following a reporting period, however at your option, once the contract balance has been fully expended and the payment advance has been liquidated, your agency may submit an early close-out of the PVEA WX contract. For your convenience, included in this contract package are the instructions and required PVEA WX Close-out documents.

If you have any questions or require additional assistance with the PVEA WX contract, please contact your Field Representative.

Sincerely,

Original signed by

TIMOTHY DAYONOT
Director

Enclosures

DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

700 North 10th Street, Room 258
Sacramento, CA 95814
(916) 341-4200
(916) 341-4203 (FAX)
(916) 327-6318 (TDD)



August 12, 2005

To All Petroleum Violation Escrow Account Weatherization Contractors:

2005 Petroleum Violation Escrow Account Weatherization Program Contract

Enclosed is your agency's contract packet for the 2005 Petroleum Violation Escrow Account (PVEA) Weatherization Program. It includes an allocation spreadsheet, a table of contents, two complete copies of the contract (face sheet, exhibits, and attachments), reporting forms, and a close-out report.

In order to expedite the execution of your contract packet, please observe the following instructions, and feel free to use this letter as a checklist.

- ☐ Submit a governing board resolution with an **original signature of your board's authorized representative**. The board's resolution must identify whom it has authorized to sign the 2005 PVEA Weatherization contract and any amendments.
- ☐ Complete the section labeled "CONTRACTOR'S NAME" on both face sheets. Print or type the name and title of the person who is authorized to sign the contract. Print the date signed. Ensure that **your agency's authorized representative has signed both face sheets**. Your agency's authorized representative is the person whom the governing board has specified in its resolution as the official representative to sign the 2005 PVEA Weatherization contract and, if applicable, any amendments.
- ☐ The following exhibits are part of the contract packet. Please complete as applicable, and return all copies with the contract packet. Note: CSD has entered the Labor Rate on Exhibit B, page B17, and certain allocations on Exhibit B, Attachment II (2005 PVEA Weatherization Budget). Do not alter these numbers.

Exhibit A Scope of Work

- Attachment I, ZIP Code Cross-Reference (for Los Angeles and San Diego Counties only)

Exhibit B Budget Detail and Payment Provisions

- Attachment I Payment Guidelines for Weatherization Activities
- Attachment II 2005 PVEA Weatherization Budget

Exhibit C General Terms and Conditions

Exhibit D Special Terms and Conditions

Exhibit E Additional Provisions

Exhibit F Programmatic Provisions

Exhibit G Materials Standards That Are Not Included in the CSD Weatherization Installation Standards

Exhibit H PVEA Weatherization Priority Plan Narrative
Exhibit I Definitions

- ☐ When you return the contract packet to CSD, please arrange all pages, including the face sheets, exhibits, and all attachments, in the same order in which you received them. Include your board resolution, insurance and fidelity bond documents (if needed), advance request, and, if desired, a transmittal letter, but please do not staple or otherwise attach these documents to the contracts themselves.
- ☐ Please return your completed contract packet within 30 days (45 days for public agencies) to:

Contract Services Unit
Department of Community Services and Development
700 North 10th Street, Room 258
Sacramento, CA 95814

Please keep in mind that in order for CSD to execute your contract, all of your agency's contract documents must be **complete**. Authorized persons must sign the board resolution and both face sheets. Except as waived for self-insured governmental entities, the Certificate of Liability Insurance must name CSD as the Certificate Holder **and** as an additional insured, except for workers' compensation and fidelity bond. **Important:** If the insurance documents that you submitted with your agency's 2005 LIHEAP contract provide proof of current coverage, you do not have to submit additional copies for this PVEA contract. On the other hand, if these insurance documents do not demonstrate current coverage, please send us any needed replacements. Coverage must include workers' compensation insurance, fidelity bond, public liability, and vehicle insurance.

If you have questions regarding the contracting process, you may contact Donna Fairchild of my staff at (916) 341-4275. For questions regarding insurance coverage, please contact Suelene Choy of my staff at (916) 341-4265. For questions regarding contractual requirements, reporting forms, the close-out, or other requirements, please contact your Field Representative.

Sincerely,



Original signed by

Fernando Negrete
Manager, Contract Services Unit

FN:DGF
Enclosures

**DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT
2005 PETROLEUM VIOLATION ESCROW ACCOUNT WEATHERIZATION
PROGRAM CONTRACT
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AGREEMENT NUMBER	AMENDMENT NUMBER
05P-xxxx	0
REGISTRATION NUMBER	

1. This Agreement is entered into between the State Agency and the Contractor named below
- STATE AGENCY'S NAME
Department of Community Services and Development
- CONTRACTOR'S NAME
Sample Agency
2. The term of this Agreement is: August 1, 2005 through December 31, 2006
3. The maximum amount of this Agreement is: \$ 00.00
4. The parties agree to comply with the terms and conditions of the following exhibits that are by this reference made a part of the Agreement:
Exhibit A - Scope of Work
Attachment I, ZIP Code Cross-Reference (Los Angeles and San Diego Counties Only)
Exhibit B - Budget Detail and Payment Provisions
Attachment I - Payment Guidelines for Weatherization Activities
Attachment II - 2005 PVEA Weatherization Budget
Exhibit C - General Terms and Conditions
Exhibit D - Special Terms and Conditions
Exhibit E - Additional Provisions
Exhibit F - Programmatic Provisions
Exhibit G - Materials Standards That Are Not Included in the
CSD Weatherization Installation Standards
Exhibit H - PVEA Weatherization Priority Plan Narrative
Exhibit I - Definitions

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.



CONTRACTOR		CALIFORNIA Department of General Services Use Only
CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.) Sample Agency		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING		
ADDRESS		
STATE OF CALIFORNIA		
AGENCY NAME Department of Community Services and Development		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Richard J. Bueche, Chief Financial Officer		
ADDRESS 700 North 10th Street, Sacramento, California 95814		
		<input type="checkbox"/> Exempt per _____

EXHIBIT A
(Standard Agreement)

SCOPE OF WORK

1. Contractor agrees to provide Petroleum Violation Escrow Account (PVEA) Weatherization Program services to eligible, low-income households in Contractor's designated service area, as described in Exhibit A, Scope of Work, section 2. below, pursuant to Chapter 38, Statutes of 2005 (the State Budget Act of Fiscal Year 2005-06) and to California Government Code Section 16367.5, et seq., as amended.

2. The services shall be performed in the following service area:

Sample County/Counties

3. Send all correspondence and fiscal and programmatic reports to:

State Agency:	Department of Community Services and Development
Section/Unit:	Field Operations Services
Address:	700 North 10th Street, Room 258 Sacramento, CA 95814
Phone:	(916) 341-4200
Fax:	(916) 327-3153

EXHIBIT A, ATTACHMENT I
ZIP CODE CROSS-REFERENCE, PVEA WEATHERIZATION PROGRAM
Revised July 2005

COMMUNITY ENHANCEMENT SERVICES							MARAVILLA FOUNDATION				
90024	90263	91203	91337	91403	91610		90004	91006	91110	91510	93585
90025	90264	91204	91340	91404	91614		90005	91007	91114	91754	93586
90027	90265	91205	91341	91405	91615		90010	91009	91115	91755	93590
90028	90272	91206	91342	91406	91616		90016	91010	91116	91775	93591
90029	90290	91207	91343	91407	91617		90018	91011	91117	91776	
90036	90291	91208	91344	91408			90019	91012	91118	91778	
90038	90292	91210	91345	91409			90020	91016	91214	91801	**91209
90039	90293	91301	91346	91410	**90203		90022	91017	91221	91802	**91503
90046	90294	91302	91352	91411	***91209		90023	91020	91222	91803	
90048	90295	91303	91353	91412	***91324		90026	91021	91224	91804	
90049	90296	91304	91356	91413	**90400		90031	91023	91225	91841	
90056	90401	91305	91357	91416	**91400		90032	91024	91226	91896	
90064	90402	91306	91361	91423	**91600		90033	91025	91310	91899	
90066	90403	91307	91362	91426	**91601		90034	91030	91321	93243	
90067	90404	91308	91364	91436	**91602		90035	91031	91322	93510	
90068	90405	91309	91365	91501	**91603		90040	91046	91350	93532	
90069	90406	91311	91366	91502	**91604		90041	91066	91351	93534	
90077	90407	91312	91367	91504	**91427		90042	91076	91354	93535	
*90094	90408	91313	91372	91505	**91428		90058	91077	91355	93536	
90209	90409	91316	91376	91506	**91429		90063	91101	91380	93539	
90210	90410	91325	91392	91521	**91430		90065	91102	91381	93543	
90211	90411	91326	91393	91522	**91431		90201	91103	91382	93544	
90212	91040	91327	91394	91523	**91432		90202	91104	91383	93550	
90213	91041	91328	91395	91605	**91433		90270	91105	91384	93551	
*90230	91042	91331	91394	91606	**91434		90640	91106	91385	93552	
90231	91043	91333	91396	91607	**91435		91001	91107	91386	93553	
90232	91201	91334	91401	91608	***91503		91002	91108	91507	93563	
90233	91202	91335	91402	91609			91003	91109	91508	93584	

CHANGES: * ZIP Code added
 ** ZIP Codes added as of February 2005
 ***ZIP Codes added as of July 2005.

EXHIBIT A, ATTACHMENT I
ZIP CODE CROSS-REFERENCE, PVEA WEATHERIZATION PROGRAM
 Revised July 2005

Pacific Asian Consortium in Employment				Veterans in Community Services, Inc.						** Los Angeles County ZIP Codes Served by the Orange County CAA
90001	90060	90307		90239	90670	90807	91722	91792		90631
90002	90061	90308		90240	90671	90808	91723	91793		90632
90003	90062	90309		90241	90701	90809	91724			90633
90006	*90071	90310		90242	90702	90810	91731			
90007	90220	90311		90255	90703	90813	91732			
90008	90221	90312		90262	90704	90814	91733			
90009	90222	90501		90274	90706	90815	91734			
90011	90223	90502		90275	90707	90822	91740			
90012	90224	90503		90280	90710	90823	91741			
90013	90245	90504		90601	90711	90831	91744			
90014	90247	90505		90602	90712	90832	91745			
90015	90248	90506		90603	90713	90833	91746			
90017	90249	90507		90604	90714	90834	91747			
90021	90250	90508		90605	90715	90835	91748			
90030	90251	90509		90606	90716	90840	91749			
90037	90254	90510		90607	90717	90842	91750			
90043	90260	90723		90608	90731	90844	91765			
90044	90261	90745		90609	90732	90845	91766			
90045	90266	90746		90610	90733	90846	91767			
90047	90267	90747		90631	90734	90847	91768			
90050	90277	90749		90637	90744	90848	91769			
90051	90278			90638	90748	90853	91770			
90052	90301			90650	90801	91702	91773			
90053	90302			90651	90802	91706	91780			
90054	90303			90652	90803	91711	91788			
90055	90304			90660	* 90804	91714	91789			
90057	90305			90661	90805	91715	91790			
90059	90306			90662	90806	91716	91791			

CHANGES: * ZIP Code added

** Orange County residents are serviced by Community Action Partnership of Orange County. All other residents are referred to the appropriate local service provider.

EXHIBIT A, ATTACHMENT I
ZIP CODE CROSS-REFERENCE, PVEA WEATHERIZATION PROGRAM
Revised July 2005

San Diego - Area B			San Diego-Imperial Service Area - Area A	
Metropolitan Area Advisory Committee			Campeños Unidos, Inc.	
91901	92113		91941	92101
91902	92114		91942	92102
91905	92135		91945	92103
91906	92139		92003	92104
91910	92154		92004	92105
91911	92173		92007	92106
91913			92008	92107
91915			92024	92108
91916			92025	92109
91931			92026	92110
91932			92027	92111
91934			92028	92112
91935			92036	92115
91947			92037	92116
91948			92054	92117
91950			92055	92118
91963			92056	92119
91977			92059	92120
91978			92060	92121
91980			92061	92122
92009			92064	92123
92014			92065	92124
92019			92067	92126
92020			92068	92127
92021			92069	92128
92022			92070	92129
92040			92075	92130
92053			92082	92131
92066			92083	92133
92071			92084	92137
92079			92086	92145

EXHIBIT B
(Standard Agreement)

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Consideration

- A. The total consideration payable by the State to Contractor under this Agreement shall be allocated as shown on the project-funding page that is attached to the face sheet of this Agreement and that is hereby incorporated by this reference.
- B. The total amount budgeted for Administrative Costs shall not exceed the limits as described in EXHIBIT B, BUDGET DETAIL AND PAYMENT PROVISIONS, Section 3., Budget Definitions. Adherence to EXHIBIT E, ADDITIONAL PROVISIONS, Section 4., Contractor Assurances and Certifications, is required and is not altered by the provisions of this section. Expenditures in excess of the budget total shall not be reimbursed by the State.

2. Programmatic Provisions

A. Payments

1) Advance Payments

- a. Upon written request by Contractor, the State may issue an advance payment to Contractor in an amount not to exceed 25 percent of the available amount of this Agreement as set forth on the STD. 213, item 3. Contractor shall submit an advance payment request on agency letterhead or on the CSD PVEA Weatherization reporting forms.
- b. In the event this Agreement is amended to increase the consideration of this Agreement, a subsequent advance payment plus any previous advances already allowed shall not exceed 25 percent of the total consideration of this Agreement. Subsequent advance payments may be authorized by the State if Contractor requests such an advance payment on agency letterhead or on the CSD PVEA Weatherization reporting forms. The need for such additional advance payment shall be based upon a review of Contractor's cash flow status as recorded on Contractor's current bimonthly expenditure report(s).
- c. CSD will initiate repayment of advance payments outstanding beginning with the fifth bimonthly reporting period of the contract term or whenever the unexpended contract balance reaches 40% of the total consideration, whichever comes first. The State shall begin applying approved expenditures to the outstanding advance balance, thereby offsetting any subsequent reimbursements. The

EXHIBIT B
(Standard Agreement)

State shall determine amounts to be offset by applying the balance of the advance equally into the remaining expenditure reporting periods. An exception may occur if the expenditure reports submitted are less than the applied settlement formula (as described immediately above). In that case, the State shall apply the entire reimbursement amounts against the outstanding advance balance.

2) Subsequent Payments

- a. Subsequent payments to Contractor shall be contingent upon receipt by the State of the bimonthly expenditure and activity reports as required by EXHIBIT B, BUDGET DETAIL AND PAYMENT PROVISIONS, 2. Programmatic Provisions, item B. Reporting, of this Agreement. If Contractor owes CSD any outstanding balances for overpayments of any contract, current or previous, the balance may be offset, based on arrangements made with the Contractor.
- b. Contractor shall be entitled to obtain a maximum average reimbursement of \$2,744 per dwelling unit weatherized for applying the conservation measures and activities described in EXHIBIT B, BUDGET DETAIL AND PAYMENT PROVISIONS, ATTACHMENT I, PAYMENT GUIDELINES FOR WEATHERIZATION ACTIVITIES. In the event that the Governor declares a State of Emergency or Local Emergency under Article 13 or 14 of the Emergency Services Act, the maximum average reimbursement shall be \$3,156 per dwelling unit.
- c. The State of Emergency or Local Emergency includes a weather event relating to cold or hot weather, flood, earthquake, tornado, hurricane, ice storm/freeze; or an event meeting such other criteria as the Governor and/or the President, at their discretion, and/or their designee may determine to be appropriate.

B. Reporting

1) Bimonthly Reports

- a. Contractor shall ensure that bimonthly expenditure and activity reports, provided by CSD, for PVEA Weatherization are submitted with an original signature and received by the State on or before the fifteenth calendar day following the reporting period. Contractor shall submit bimonthly reports each reporting period, irrespective of the level of activity or amount of expenditure in the

EXHIBIT B
(Standard Agreement)

preceding period, until the contract balance is fully expended and the agency's advance has been fully liquidated. CSD's acceptance of Contractor's complete close-out report shall fulfill the expenditure and activity reporting requirements, and no further bimonthly reports are required. The issuance of other CSD contracts, including reimbursement payments, to the Contractor shall be contingent upon timely receipt of the required reports of this Agreement.

- b. Due dates for bimonthly reports to CSD are as follows, except in the case of an early close-out as provided for above:

<u>Bimonthly Report Period</u>	<u>Report Due Dates</u>
August-September 2005	October 15, 2005
October-November 2005	December 15, 2005
December 2005-January 2006	February 15, 2006
February-March 2006	April 15, 2006
April-May 2006	June 15, 2006
June-July 2006	August 15, 2006
August-September 2006	October 15, 2006
October-November 2006	December 15, 2006
December 2006	January 15, 2007

2) Close-out Report

Contractor shall submit, on the appropriate CSD forms, a financial and programmatic close-out report return all unexpended funds to the State within 90 calendar days after expiration of this Agreement or in accordance with EXHIBIT B, BUDGET DETAIL AND PAYMENT PROVISIONS, 2. Programmatic Provisions, B. Reporting, item 1) Bimonthly Reports. Final reimbursement to Contractor, if owed, shall be contingent upon receipt of this close-out report by the State. Administrative, intake, and outreach costs shall not exceed the maximum allowable amounts. Administrative costs shall remain proportionate to the cumulative allowable program expenditures. Any administrative, intake, and outreach costs that exceed these limits shall be disallowed. Subsequent payments for subsequent PVEA or other CSD contracts shall also be contingent upon timely receipt of the close-out report of this Agreement. The issuance of other CSD contracts including reimbursement to the Contractor shall be contingent upon receipt of the close-out report of this Agreement.

EXHIBIT B
(Standard Agreement)

3) Review

- a. The State shall review Contractor's bimonthly program operations reports and evaluate Contractor's demonstrated ability to effectively utilize all funds available under this Agreement.
- b. An amendment to the total consideration of this Agreement may occur as a result of the State's review of Contractor's performance related to program and fiscal operations.

3. Budget Definitions

A. Cost Reporting

All costs shall be reported using a "modified accrual" or "accrual" method of accounting.

B. Administrative Costs

- 1) Administrative Costs shall mean costs for accounting, auditing, monitoring assistance, and like services necessary to sustain the direct effort involved in administering a grant program or an activity providing services to the grant program.
- 2) Reimbursement for weatherization administrative costs shall not exceed eight percent of the cumulative allowable program expenditures for weatherization.

C. Program Costs (Weatherization)

Program costs are all allowable costs other than Administrative Costs.

D. Outreach Costs (PVEA Weatherization)

Outreach costs shall be considered a program activity and include those costs that are directly attributable to the performance of this Agreement and that are reasonable and necessary as determined by the State for the purpose of delivering services. Outreach shall be allocated at five percent (5%) of the total Weatherization allocation and shall be reimbursed at actual cost up to five percent (5%).

E. Intake Costs

Intake costs shall be considered a program activity and include those costs that are directly attributable to the performance of this Agreement and that are reasonable and necessary as determined by the State for the purpose of delivering services.

EXHIBIT B
(Standard Agreement)

Intake shall be allocated at two percent (2%) of the total PVEA allocation and shall be reimbursed at actual cost up to two percent (2%) of the total PVEA contract allocation. Intake in excess of two percent (2%) may be charged as an administrative cost.

F. Payment Guidelines

- 1) The State shall pay Contractor for each completed dwelling at the rates listed on EXHIBIT B, BUDGET DETAIL AND PAYMENT PROVISIONS, ATTACHMENT I, PAYMENT GUIDELINES FOR WEATHERIZATION ACTIVITIES, which is attached and incorporated by this reference, not to exceed the average per dwelling unit costs as described in EXHIBIT B, BUDGET DETAIL AND PAYMENT PROVISIONS, Section 2. Programmatic Provisions, A. Payments, 2) Subsequent Payments, item b., provided that Contractor does not request payment for the same activity/measure, except for intake and dwelling assessment, from any other source. Contractor shall request from CSD no more than one reimbursement per HCS per household using the Weatherization portion of this Agreement. Contractor may claim credit only for allowable measures and activities performed under this Agreement. In addition to the applicant eligibility criteria set forth in EXHIBIT F, PROGRAMMATIC PROVISIONS, Section 8. Weatherization Applicant Eligibility and Service Priority, A. Eligibility Weatherization, each dwelling unit shall be assessed for eligibility.

- 2) Contractor shall maintain for each dwelling that reimbursement is claimed a Dwelling Unit Assessment, CSD 554, or Contractor's equivalent, and a Weatherization Building Check and Job Order Sheet, CSD 540.

- 3) Mileage

Contractor shall be credited one round trip travel surcharge for any one dwelling weatherized. Contractor may claim mileage reimbursement for travel to Single Family Dwelling (SFD) and Multi-Unit Dwelling (MUD) Units in which travel exceeds a distance of 30 miles (one way) from Contractor's material storage site or headquarters. Contractor shall maintain records and source documentation in such a manner to substantiate mileage claims by individual dwelling weatherized. The following defines the conditions for mileage reimbursement applicable to dwellings weatherized:

- a. Single Family Dwelling (SFD) Unit - SFD Unit is defined as a one-unit, single-family dwelling or as a one-unit, single residential housing dwelling with two to four attached units.

EXHIBIT B
(Standard Agreement)

- i. Contractor may claim a travel surcharge equivalent to one (1) labor hour for each completed, weatherized SFD Unit within 30 miles (one way) of the Contractor's material storage site or headquarters. Contractor may only claim the SFD travel surcharge upon completion of the SFD Unit and is limited to a single surcharge per completed SFD Unit.
 - ii. For SFD Units in excess of 30 miles (one way) from Contractor's material storage or headquarters, Contractor may claim mileage in addition to the SFD travel surcharge for each completed, weatherized SFD Unit. Contractor may claim mileage at a rate of \$.66 per mile for each mile in excess of 30 miles (one way) or 60 miles round-trip. Mileage reimbursement is limited to a single round trip, per completed SFD Unit; and Contractor may only claim the travel surcharge and mileage reimbursement upon the completion of the SFD Unit.
- b. Multi-Unit Dwelling (MUD) Unit is defined as a residential complex with five or more units.
- i. Contractor may claim a MUD travel surcharge of \$3.00 for each individual, weatherized unit within a MUD complex located within 30 miles (one way) of the Contractor's material storage site or headquarters. Contractor may only claim the MUD travel surcharge upon completion of the individual MUD Unit and is limited to a single surcharge per completed unit.
 - ii. For MUD Units in excess of 30 miles (one way) from Contractor's material storage or headquarters, Contractor may claim mileage in addition to the MUD travel surcharge. Contractor may claim mileage at a rate of \$.66 per mile for each mile in excess of 30 miles (one way) or 60 miles round trip. Mileage reimbursement is limited to a single round-trip per day, for travel to a MUD complex in excess of 30-miles (one way) or 60 miles round trip, regardless of the number of individual completed units. Contractor may claim the MUD travel surcharge and mileage upon completion of each individual MUD Unit.
- c. All other travel-related expenses not directly related to the weatherization of dwellings are subject to reimbursement as described in EXHIBIT D, SPECIAL TERMS AND CONDITIONS, Section 1., Travel and Per Diem.

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(Standard Agreement)

4. Budget Contingency Clause

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

5. Attachments

The following attachments to this exhibit are hereby incorporated by this reference:

- A. ATTACHMENT I PAYMENT GUIDELINES FOR WEATHERIZATION ACTIVITIES
- B. ATTACHMENT II 2005 PVEA WEATHERIZATION BUDGET, CSD 689 (New 07/05)

EXHIBIT B
(Standard Agreement)

ATTACHMENT I: PAYMENT GUIDELINES FOR WEATHERIZATION ACTIVITIES

1. Reimbursement for dwelling assessment activities shall be made only for dwelling units weatherized under the terms of this Agreement. However, should the safety check of combustion appliances reveal hazards or other unsafe conditions requiring repair that preclude envelope-tightening measures and cannot be eliminated, Contractor shall be allowed to claim reimbursement for outreach, performed assessment/diagnostic activities, and for the installation of measures identified by the footnotes listed at the end of this section.
2. In the case of an unweatherized dwelling where the installation of measures was not feasible and/or the dwelling was not accessible to install measures, Contractor may claim reimbursement for any related assessments and/or diagnostic checks that were performed. Reimbursement for travel is not allowable.
3. For those weatherization measures that have an established maximum rate, the reimbursement amount shall be equal to the actual labor hours of weatherization crew members at the approved labor rate and the actual cost of the materials up to the maximum rate. The labor rate includes travel time, down time, supervision, inspection, support staff hours, and related operating expenses; therefore, Contractor shall not bill additional labor hours for these costs.
4. When costs for a measure exceed the maximum reimbursement allowed, Contractor shall obtain from their field representative, on a case-by-case basis, prior written approval to exceed the maximum. Costs that exceed the maximum allowed for any measure with a chargeable line item shall not be billable to Minor Envelope Repairs or any other line item. No other CSD program can be used to offset those costs that exceed the maximum for any measure charged under another CSD program.
5. When costs for a measure exceed the maximum reimbursement allowed, the measure may be deferred, at the Contractor's option, due to the additional costs. If the required minimum number of measures cannot be installed due to the deferred measures, then the entire unit shall be deferred.
6. When the installation of a measure is subcontracted and there are billable labor hours for weatherization crew members who share in the installation of that subcontracted measure, Contractor shall bill, in addition to the subcontracted expenditure, the actual labor hours incurred by crew members at the approved labor rate.
7. When the installation of a measure is subcontracted and there are no billable labor hours for weatherization crew members, Contractor shall bill, in addition to the subcontracted expenditure, actual labor hours incurred by other personnel associated with the direct facilitation of that subcontracted measure. The approved labor rate will not be allowable for other personnel under these circumstances. A modified fixed labor rate determined by the Contractor or actual labor costs shall be used. Any modified fixed labor rate that

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is to be used must be submitted to CSD for approval prior to requesting reimbursement for these costs.

8. Contractor shall bill the actual labor hours incurred by Weatherization crew members or other personnel associated with the direct facilitation of the disposal of appliances, the procurement of permits, and services performed by a Home Energy Rating System Program (HERS) Program rater. Labor hours for other personnel are billable only if there are no billable hours for Weatherization crew members for these services. The approved labor rate will be allowable for Weatherization crew members only. For other personnel, a modified fixed labor rate determined by the Contractor or actual labor costs shall be used. Any modified fixed labor rate that is to be used must be submitted to CSD for approval prior to requesting reimbursement for these costs.
9. All remaining weatherization measures are reimbursed at the fixed fee rates as noted on the following pages.
10. Effective October 1, 2005, Contractor must comply with the California Energy Commission 2005 Building Energy Efficiency Standards, Alterations under Title 24, Part 6, of the California Code of Regulations, California Home Energy Rating System Program (HERS) regulations. Contractor shall obtain the services of a qualified Home Energy Rating System (HERS) Program Rater to perform required field verification and diagnostic testing on applicable weatherization measures and building alterations performed under this Agreement and as described in EXHIBIT F, PROGRAMMATIC PROVISIONS, Section 12., Special Provisions – Weatherization Activities, B. Scope of Services, 8) Quality Assurance, item e. under this Agreement. Procured HERS Rater services shall be obtained from an entity or individual independent from the builder or subcontractor performing the building alteration and/or energy-efficiency improvement being tested and verified, and the entity or individual shall have no financial interest in the work performed.
11. Contractor's approved labor rate is:

\$ per hour per person.

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ASSESSMENTS/DIAGNOSTICS		PER DWELLING
Unit Assessments		
Units with attics		\$65.00 ¹
Units without attics		\$40.00 ¹
Combustion Appliance Safety Test (when applicable)		
Pre-Test		\$70.00
Post-Test		\$40.00
(when applicable)		
Blower Door Test		\$75.00 ²
(Mandatory when applicable)		
Duct Leakage Test (with Blower Door)		
Pre-Test		\$30.00
Post-Test		\$30.00
(when applicable)		
Duct Leakage Test (with Duct Blaster)		
Pre-Test		\$60.00 ³
Post-Test		\$50.00 ³
(when applicable)		
Contractor Post Weatherization Inspection		Maximum 3 Hours ⁴
(Reimbursement of no more than 25% of the total weatherized dwellings is allowable for the actual time to perform the inspection activity and travel to and from the dwelling at the approved labor rate, up to a maximum of three hours per dwelling.)		

All feasible Health and Safety Measures, Insulation Measures, and Mandatory Measures must be installed before Optional Measures are provided.

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HEALTH AND SAFETY MEASURES	PER DWELLING
<p>Health or Safety Hazard Repair or Replacement, per dwelling: (Indicate on the Energy Dwelling Unit Assessment, CSD 554, or Contractor's equivalent, what health or safety conditions are to be addressed.) Includes the repair of unsafe conditions identified as "Required Repairs" in the CSD Weatherization Installation Standards (WIS) and Combustion Appliance Safety Inspection Form (CASIF).</p>	
Carbon Monoxide Alarm	
Line-cord or Hard-wired, one or more	Maximum \$189.00 ⁵
Lithium Battery, one or more	Maximum \$135.00 ⁵
(Must be installed if there are operating carbon monoxide-producing appliances.)	
Gas Cooking Appliance	
Repair and Maintenance	Maximum \$348.00 or 50% of Replacement ^{6, 7, 8}
Replacement, Range or Cook Top	Maximum \$695.00 ^{6, 7, 8}
Gas Water Heater	
Repair	Maximum \$490.00 ^{6, 7, 8} or 50% of Replacement
Replacement, Closed Combustion	Maximum \$750.00 ^{6, 7, 8}
Replacement, Open Combustion	Maximum \$980.00 ^{6, 7, 8}
Heating Source Repair	
Exterior Wall Direct Vent Furnace	Maximum \$450.00 ^{6, 7, 8, 9, 10}
Forced Air Unit (FAU)	Maximum \$753.00 ^{6, 7, 8, 9, 10}
Floor Furnace	Maximum \$518.00 ^{6, 7, 8, 9, 10}
Interior Wall Furnace	Maximum \$660.00 ^{6, 7, 8, 9, 10}
Mobile Home Furnace	Maximum \$618.00 ^{6, 7, 8, 9, 10}
Other Types Not Listed	Max. \$1,000.00 ^{6, 7, 8, 9, 10, 11, 12}
Package Unit	Maximum \$1,170.00 ^{6, 7, 8, 9, 10}
Wood Fueled Appliance	Maximum \$900.00 ^{6, 7, 8, 9, 10, 13} or 30% of Replacement for all heater types
Heating Source Replacement	
Exterior Wall Direct Vent Furnace	Maximum \$1,500.00 ^{6, 7, 8, 10}
Forced Air Unit (FAU)	Maximum \$2,510.00 ^{6, 7, 8, 10}
Floor Furnace	Maximum \$1,725.00 ^{6, 7, 8, 10}
Interior Wall Furnace	Maximum \$2,200.00 ^{6, 7, 8, 10}
Mobile Home Furnace	Maximum \$2,060.00 ^{6, 7, 8, 10}
Other Types Not Listed	Maximum \$3,000.00 ^{6, 7, 8, 10, 11, 12}
Package Unit	Maximum \$3,900.00 ^{6, 7, 8, 10}
Wood-Fueled Appliance	Maximum \$3,000.00 ^{6, 7, 8, 10, 13, 14}

EXHIBIT B
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MANDATORY MEASURES

If feasible, Insulation Measures must be installed prior to the installation of any other Mandatory and Optional Measures. Non-Priority Mandatory Measures including Infiltration Reduction, General Heat Waste, and Electric Base Load Measures need not be installed in priority order.

PRIORITY
INSULATION MEASURES

Attic Venting, per dwelling	Maximum \$355.00 ^{5, 15}	
Ceiling Insulation	Ceiling ⁵	Kneewall ⁵
R-11, per square foot	\$.54	\$.66
R-19, per square foot	\$.66	\$.74
R-30, per square foot	\$.74	N/A
R-38, per square foot	\$.88	N/A
Duct Insulation, per square foot	\$.95 ⁵	

NONPRIORITY
INFILTRATION REDUCTION MEASURES

PER DWELLING

Caulking, per dwelling	
Mobile Home	\$90.00 ^{16, 17}
Multi Unit	\$45.00 ^{16, 17}
Single Family	\$75.00 ^{16, 17}
Cover Plate Gaskets, per dwelling	\$33.00 ^{16, 17}
Duct and Register Repair/Replacement, per dwelling	Maximum \$1,223.00 ¹⁷
Glass Replacement, per dwelling	Maximum \$350.00 ^{17, 18}
Minor Envelope Repair, per dwelling	Maximum \$887.00 ^{13, 16, 17, 18, 19}
Sliding Glass Door, per dwelling	
Repair	Maximum \$400.00 ¹⁷
Replacement	Maximum \$950.00 ¹⁷
Weatherstripping, Hinged Exterior Door, per door	\$44.00 ^{16, 17}
Weatherstripping, Other, per linear foot	\$2.10 ^{16, 17, 20}
Window Replacement	Maximum Average \$825.00 ^{17, 18}

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GENERAL HEAT WASTE MEASURES**PER DWELLING**

Evaporative Cooler/Air Conditioner Vent Cover, per cover \$66.00 ¹⁶

Hot Water Flow Restrictor, per device

Faucet Restrictor \$8.00 ⁵

Hand-Held Low-Flow Showerhead \$35.00 ⁵

Low-Flow Showerhead \$27.00 ⁵

Water Heater Blanket, per blanket \$40.00 ⁵

Water Heater Pipe Wrap, per linear foot of pipe \$3.90 ⁵

ELECTRIC BASE LOAD MEASURES**PER DWELLING**

Compact Fluorescent Lamps

Hard-Wired, limit one per dwelling Maximum \$85.00 ⁵

Thread-based Compact, limit five per dwelling
for a maximum of \$70 per dwelling Maximum \$14.00 per bulb ⁵

Electric Water Heater, per dwelling
Repair

Maximum \$350.00 ^{5, 8}
or 50% of Replacement

Replacement Maximum \$700.00 ^{5, 8}

Fluorescent Torchiere Lamp Replacement,
Limit one per dwelling

Maximum \$75.00 ⁵

Refrigerator Replacement

Maximum \$1,032.00 ^{5, 21}

OPTIONAL MEASURES**PER DWELLING**

Ceiling Fans, per dwelling

Maximum \$176.00 ⁵

Electric Base Load, per dwelling

Air Conditioning Repair and Maintenance

Central Unit

Max. \$1,100.00 ^{5, 6, 7, 8, 9, 10, 13, 21, 22}

Wall/Window Unit

Max. \$ 448.00 ^{5, 6, 8, 9, 10, 13, 21, 22}

or 50% of Replacement for
all cooling types

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Air Conditioning Replacement, per dwelling	
Central Unit	Maximum \$2,200.00 ^{5, 7, 8, 10, 23}
Multi-Story Wall Unit	Maximum \$895.00 ^{5, 8, 10, 23}
Multi-Story Window Unit	Maximum \$685.00 ^{5, 8, 10, 23}
Single-Story Wall Unit	Maximum \$580.00 ^{5, 8, 10, 23}
Single-Story Window Unit	Maximum \$420.00 ^{5, 8, 10, 23}
Cooling Source Repair, Other Types Not Listed	Maximum \$250.00 ^{5, 6, 9, 10, 11} or 50% of Replacement for all cooling types
Cooling Source Replacement, Other Types Not Listed	Maximum \$500.00 ^{5, 6, 10, 11}
Electric Water Heater Timer, per timer	\$112.00 ⁵
Evaporative Cooler Installation, per dwelling	
New Roof Unit	Maximum \$975.00 ^{5, 7, 8, 10, 23}
New Wall Unit	Maximum \$850.00 ^{5, 7, 8, 10, 23}
New Window Unit	Maximum \$780.00 ^{5, 7, 8, 10, 23}
Replace Roof Unit	Maximum \$850.00 ^{5, 7, 8, 10, 23}
Replace Wall Unit	Maximum \$655.00 ^{5, 7, 8, 10, 23}
Replace Window Unit	Maximum \$655.00 ^{5, 7, 8, 10, 23}
Evaporative Cooler Repair and Maintenance	Maximum \$488.00 ^{5, 7, 9, 10} or 50% of Replacement for all cooler types
Microwave Oven, per dwelling	Maximum \$284.00 ^{5, 24}
Floor Foundation Venting (Crawl Space Venting)	Maximum \$360.00 ^{5, 15}
Floor Insulation	
Over 36" clearance, per square foot	\$1.15 ^{5, 25}
Under 36" clearance, per square foot	\$1.40 ^{5, 25}
Shadescreens, per square foot	\$3.30 ⁵
Shutters, per square foot	\$6.00 ⁵
Storm Windows, per square foot	
Fixed, Glass Glazing	\$12.40 ¹⁶
Fixed, Polycarbonate	\$18.40 ¹⁶
Operable, Glass Glazing	\$13.90 ¹⁶
Operable, Polycarbonate	\$21.40 ¹⁶

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Thermostat, per dwelling	
Manual	\$65.00 ^{5, 26}
Programmable	\$157.00 ^{5, 26}
Tinted Window Film, per square foot	\$3.30 ⁵
Wall Insulation, Stucco and Wood, per square foot	\$1.05 ⁵

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FOOTNOTES SECTION

- 1 Unit assessments are charged for each completed unit in addition to applicable blower and/or duct testing.
- 2 Following a determination that no combustion by-product hazards exist, pre-weatherization blower door testing is a mandatory activity on all mobile homes, manufactured homes, and all site-built dwellings with operable forced air units.
- 3 A duct leakage test using the Duct Blaster is a stand-alone test and cannot be charged in conjunction with the Blower Door Test.
- 4 An inspection of twenty-five percent (25%) of the total number of dwellings weatherized under this Agreement must be completed in accordance with CSD Inspection Policies and Procedures. Reimbursement shall not exceed the maximum twenty-five percent (25%) limit. A maximum of 25% of the total dwellings reported in a reporting period shall be inspected and shall continue through the contract term. If due to rounding, the number of required inspections does not equal 25%, the number of required inspections performed shall be rounded up and the maximum reimbursement limit will be increased accordingly. Reimbursement is allowable for the actual labor hours of the inspection activity including travel at the approved labor rate, up to a maximum of three hours per dwelling.
- 5 If a combustion appliance safety hazard or other unsafe conditions requiring repair is found to exist and cannot be repaired under the scope of the program, Contractor may apply the non-envelope sealing measures identified by this note.
- 6 May be classified as mandatory if safety hazard exists. May be installed as an optional measure if no safety hazard exists.
- 7 If required by the local jurisdiction, a building permit must be obtained and finalized for vented appliance installations (Furnace, Boiler, Water Heater, Oven and Range, and Vented Space Heater), Evaporative Cooler, Central HVAC, and Wood-Fueled Space Heater installations. A copy of the finalized permit must be placed in client's file.
- 8 Special licensing is required for the installation of Central HVAC systems, Furnace, and Boilers. Special licensing may also be required for the installation and/or repair of Evaporative Cooler, Oven and Range, Vented Space Heater, Air Conditioning, and Gas and Electric Water Heaters, if two or more weatherization measures are not installed in a single unit. Electrical wiring upgrade/replacement and knob-and-tube wiring certification will always require a C-10 license.
- 9 Repairs include cleaning and filter replacement.
- 10 Costs that exceed the maximums in other categories of cooling and heating repairs and replacements cannot be charged to the line items reserved for other types of cooling and heating units not already listed.

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- 12 Propane furnace repairs and replacements shall be reimbursed under Other Types Not Listed.
- 13 Also refer to the Energy Conservation Measures and Activity Definitions listed in EXHIBIT G, MATERIALS STANDARDS THAT ARE NOT INCLUDED IN THE CSD WEATHERIZATION INSTALLATION STANDARDS, and EXHIBIT I, DEFINITIONS.
- 14 A wood-fueled space heater may only be installed if it is to be used to replace a fossil-fueled space heater and/or damaged or hazardous wood stove that cannot feasibly be repaired, i.e., cost of repair exceeds 50 percent (50%) of replacement cost or existing unit is not a listed and labeled stove.
- 15 Per dwelling, attic and floor foundation venting may only be performed in conjunction with ceiling and floor insulation, respectively.
- 16 When using a blower door in conjunction with weatherizing a dwelling, do not apply these measures if the infiltration is less than the Minimum Ventilation Requirement or if the economic stop point for air sealing has been reached. (Refer to the Building Shell/Blower Door Use sections of the CSD Weatherization Installation Standards.) Does not apply to catastrophic leaks that are health and safety hazards, e.g., broken-out window, severely damaged door, etc.
- 17 When applying infiltration-reducing measures in conjunction with blower door testing, the crew hours set forth in the charts in Appendix A of the CSD Weatherization Installation Standards may be increased up to double the applicable amount for no more than the first 15 units weatherized by crews without prior experience. Does not apply when one or more crew members have participated in blower door weatherization of 15 or more dwellings.
- 18 Costs that exceed the maximums in Glass Replacement cannot be charged to Minor Envelope Repair or Window Replacement. The maximum reimbursement for Window Replacement is an average over all dwellings receiving new windows. If costs should occur such that the average maximum is exceeded for Window Replacements, the additional costs cannot be charged to Minor Envelope Repair or Glass Replacement. Refer to EXHIBIT I, DEFINITIONS, for a definition of Minor Envelope Repair.
- 19 When installing a Minor Envelope Repair Measure, the installation of deadbolt locks in conjunction with an exterior door replacement is allowable on rental units only. Reimbursement will be based on the material costs for the door, the deadbolt lock, and the labor.
- 20 Includes sliding glass doors. Does not include weatherstrip applied to attic and crawl space access hatches, to evaporative-cooler and air-conditioner covers, or to open combustion appliance enclosure doors. Expenditures for weatherstripping applied to

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covers and enclosure doors shall be charged under the appropriate appliance repair line item. When insulation is not installed, applies to access hatches and windows.

- 21 Technicians performing evacuation and charging of refrigerant must have EPA-approved certification as a Type II or Universal technician. Refrigerant shall be recovered, and all hazardous waste materials shall be disposed of in conformance with federal, state, and local codes.
- 22 Do not perform if dwelling has an operative evaporative cooler.
- 23 Electric Base Load Measures: Special training is a mandatory prerequisite for Contractors before performing Evaporative Cooler Installation and Window/Wall Air Conditioner Replacement. Contractor must contact CSD to schedule training.
- 24 Cabinet retrofits are only allowed for built-in microwaves that have been replaced and are reimbursable under Minor Envelope Repair.
- 25 Crawl space height shall be documented on the Weatherization Building Check and Job Order Sheet.
- 26 Manual Thermostats may be installed in lieu of Programmable Thermostats if it is determined that the client receiving such services will not be able to operate and maintain the Programmable Thermostat properly.

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(Standard Agreement)

GENERAL TERMS AND CONDITIONS

1. Approval

This Agreement shall become a valid, enforceable agreement only after both parties sign it.

2. Amendment

No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties, and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

3. Assignment

This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.

4. Audit

Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Government Code Section 8546.7, Public Contract Code Section 10115 et seq., California Code of Regulations Title 2, Section 1896).

5. Indemnification

Contractor agrees to indemnify, defend, and save harmless the State, its officers, agents, and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm, or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm, or corporation who may be injured or damaged by Contractor in the performance of this Agreement.

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6. Disputes

Contractor shall continue with the responsibilities under this Agreement during any dispute.

7. Termination for Cause

The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination, the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid the Contractor upon demand.

8. Independent Contractor

Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.

9. Nondiscrimination Clause

During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Contractors and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

10. Timeliness

Time is of the essence in this Agreement.

EXHIBIT C
(Standard Agreement)

11. Compensation

The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise so provided.

12. Governing Law

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

13. Child Support Compliance Act

For any Agreement in excess of \$100,000, the Contractor acknowledges in accordance with, that:

- A. Contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and
- B. Contractor, to the best of its knowledge, is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

14. Unenforceable Provision

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

15. Computer Software

Contractor certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.

*16. Union Activities

For all contracts, except fixed price contracts of \$50,000 or less, the Contractor acknowledges that:

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(Standard Agreement)

By signing this Agreement Contractor hereby acknowledges the applicability of Government Code Section 16645 through Section 16649 to this Agreement and agrees to the following:

- A. Contractor will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
- B. No State funds received under this Agreement will be used to assist, promote, or deter union organizing;
- C. Contractor will not, for any business conducted under this Agreement, use any State property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote, or deter union organizing, unless the State property is equally available to the general public for holding meetings; and
- D. If Contractor incurs costs, or makes expenditures to assist, promote, or deter union organizing, Contractor will maintain records sufficient to show that no reimbursement from State funds has been sought for these costs, and that Contractor shall provide those records to the Attorney General upon request.

***This provision is stayed pending the outcome of the litigation entitled, *Chamber of Commerce v. Lockyer* (April 2004) 364 F3d 1154.**

EXHIBIT D
(Standard Agreement)

SPECIAL TERMS AND CONDITIONS

1. Travel and Per Diem

- A. Contractor's programmatic-related travel costs and per-diem reimbursement rates shall not exceed the amounts established by the State Department of Personnel Administration Rules and Regulations, Section 599.619, and 599.631, dated October 1, 2001, and as amended from time to time.
- B. Contractor's administrative-related travel and per diem reimbursement costs shall be reimbursed based on the Contractor's policies and procedures.

2. Conflict of Interest

- A. Contractor certifies that its employees and the officers of its governing body shall avoid any actual or potential conflicts of interest and that no officer or employee who exercises any functions or responsibilities in connection with this Agreement shall have any personal financial interest or benefit which either directly or indirectly arises from this Agreement.
- B. Contractor shall establish safeguards to prohibit its employees or its officers from using their positions for a purpose that could result in private gain or that gives the appearance of being motivated for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

3. Insurance and Fidelity Bond

A. General Requirements

1) Third-Party Insurance

- a. By execution of this Agreement, Contractor agrees that the below-required insurance policies and bond shall be in effect at all times during the term of this Agreement.
- b. Contractor shall provide the State with written notice at least 30 calendar days prior to cancellation or reduction of insurance coverage to an amount less than that required in this Agreement.
- c. In the event said insurance coverage expires at any time or times during the term of this Agreement, Contractor agrees to provide, at least 30 calendar days prior to said expiration date, a new Certificate of Insurance (ACORD 25) evidencing insurance coverage as provided for herein for not less than the remainder of

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the term of this Agreement. The Certificate of Insurance (ACORD 25) shall identify and name the State as the Certificate Holder.

- d. New Certificates of Insurance are subject to review for content and form by CSD.
- e. In the event Contractor fails to keep in effect at all times the specified insurance and bond coverage as herein provided, the State may, in addition to any other remedies it may have, suspend this Agreement.
- f. With the exception of workers' compensation and fidelity bond, the State shall be named as additional insured on all certificates of insurance required under this Agreement.
- g. The issuance of other CSD contracts, to include reimbursement payments, to the Contractor may be contingent upon required current insurance coverage being on file at CSD for this Agreement.

2) Self-Insurance

- a. When Contractor is a self-insured governmental entity, the State, upon satisfactory proof, may waive the appropriate insurance requirements upon written certification. An appropriate county or city risk manager shall sign this certification that shall contain assurance of the adequacy of the governmental entity's ability to cover any potential losses under this Agreement.
- b. Contractor shall specify in writing a list of which coverage(s) will be self-insured under this Agreement and shall list all applicable policy numbers, expiration dates, and coverage amounts.
- c. Should Contractor utilize a subcontractor(s) to provide services under this Agreement, Contractor shall indemnify and hold the State harmless against any liability incurred by that subcontractor(s).

B. Workers' Compensation Insurance

- 1) Contractor shall have and maintain for the term of this Agreement workers' compensation insurance issued by an insurance carrier licensed to underwrite workers' compensation insurance in the State of California.

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- 2) Contractor shall submit either an applicable Certificate of Insurance (ACORD 25) or a Certificate of Consent to Self-Insure issued by the Director of the Department of Industrial Relations to the State as evidence of compliance with the workers' compensation insurance requirement prior to issuance of an initial cash advance.

C. Fidelity Bond

- 1) Contractor shall maintain a fidelity bond in the minimum amount of four percent of the total amount of consideration set forth under this Agreement.
- 2) Contractor shall submit an applicable Certificate of Insurance (ACORD 25) to the State as evidence of compliance with the fidelity bond requirement prior to issuance of an initial cash advance.

D. General Liability Insurance

- 1) Contractor shall have and maintain for the term of this Agreement general liability and property damage insurance for a combined single limit of not less than \$500,000 per occurrence.
- 2) Contractor shall submit an applicable Certificate of Insurance (ACORD 25), naming CSD as an additional insured, to the State as evidence of compliance with general liability insurance requirements prior to issuance of an initial cash advance.

E. Vehicle Insurance

- 1) Contractor shall have and maintain for the term of this Agreement vehicle insurance in the amount of \$500,000 for each person and each accident for bodily injury and in the amount of \$500,000 for each person and each accident for property damage.
- 2) When employees use their own vehicles to perform duties within the scope of their employment, Contractor shall have and maintain for the term of this Agreement nonowned and hired-auto liability insurance in the amount of \$500,000 for each person and each accident for bodily injury and \$500,000 for each person and each accident for property damage. (Driving to and from work is not within the scope of employment.)
- 3) Contractor shall submit an applicable Certificate of Insurance (ACORD 25), designating CSD as an additional insured, to the State as evidence of compliance with said vehicle insurance requirements prior to issuance of an initial cash advance.

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4. Termination and Suspension

- A. Either party may terminate this Agreement at any time prior to its date of expiration upon 30 calendar day's notice to the other party. Such notice shall be delivered to the other party in writing, stating the reason for termination and the effective date thereof.
- B. Upon termination of this Agreement, the State, unless expressly granted in writing, shall not pay Contractor for any obligations incurred after the effective date of such termination. Contractor shall be paid for work performed prior to termination, as long as the work was performed according to the covenants contained herein at the time and in the manner provided herein.

5. Lien Rights

The State retains lien rights on all funds advanced.

6. Subcontracts

- A. Contractor may enter into subcontract(s) to perform part or all of the direct services covered under this Agreement. Prior to the commencement of subcontracted services under this Agreement, Contractor shall obtain board approval, to include but not be limited to an assurance that the subcontractor agreement(s) shall comply with all terms, conditions, assurances, and certifications of this Agreement for the nonprofit and local governmental agencies performing services in the area(s) described in EXHIBIT A, SCOPE OF WORK, Section 2.
- B. Contractor shall provide written notification to the State within 60 calendar days of execution of each subcontractor agreement the name of the subcontractor entity, its address, telephone number, contact person, contract amount, and program description of each subcontractor activity to be performed under this Agreement.
- C. Contractor shall immediately notify all of its subcontractor(s) in writing within five days of such action in the event the State suspends, terminates, and/or makes changes to the services to be performed under this Agreement.
- D. Contractor is the responsible party and shall remain liable for the performance of the terms, conditions, assurances, and certifications of this Agreement, without recourse to the State, regarding the settlement and satisfaction of all contractual and administrative issues arising out of subcontract agreement(s) entered into in support of this Agreement, including disputes, claims, or other matters of a

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contractual nature as well as civil liability arising out of negligence or intentional misconduct of the subcontract(s).

- E. Nothing contained in this Agreement or otherwise shall create any contractual relation between the State and any subcontractors, and no subcontract shall relieve the Contractor of its responsibilities and obligations hereunder. Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.
- F. Contractor shall ensure compliance with the audit requirements as described in EXHIBIT C, GENERAL TERMS AND CONDITIONS, Section 4. Audit, and EXHIBIT E, ADDITIONAL PROVISIONS, Section 2. Audit Reports, contained within this Agreement, if subcontracting LIHEAP Weatherization, HEAP, or ECIP services.

7. Governing Board Resolution

Contractor assures that its governing body has adopted and passed a resolution specific to this Agreement, which shall be forwarded to the State and which includes, at minimum, the following provisions:

- A. Authorization for the submittal to the State of this Agreement, including all exhibits and assurances contained herein;
- B. The name and signature of the chairperson of the board; the date signed by the chairperson; and, if applicable, the date the resolution was ratified by the board of directors;
- C. Identification of the contract number and program;
- D. Authorization to and identification of the person/position certified as the official representative of the governing board to sign and enter into this Agreement and any subsequent amendments; and
- E. A statement, if subcontracting PVEA Weatherization services with a nonprofit or local governmental entity, that identifies the name of the subcontracted entity, the types of PVEA services to be provided by that entity, and the service area where subcontracted activities shall occur.

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8. Contractor Licensing

Contractors that are nonprofit organizations and are performing weatherization activities under this Agreement certify that they possess and will continue to have an active Class "B" General Building Contractor license, issued in the agency's name/qualifying individual by the Contractors' State License Board (CSLB). Contractor shall notify CSD when any changes in licensing occur.

9. Contractor's National Labor Relations Board Certification

Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

10. Drug-Free Workplace Requirements

Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- A. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- B. Establish a Drug-Free Awareness Program to inform employees about:
 - 1) The dangers of drug abuse in the workplace;
 - 2) The person's or organization's policy of maintaining a drug-free workplace;
 - 3) Any available counseling, rehabilitation and employee assistance programs; and,
 - 4) Penalties that may be imposed upon employees for drug abuse violations.
- C. Every employee who works on the proposed Agreement will:
 - 1) Receive a copy of the company's drug-free workplace policy statement; and,
 - 2) Agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: (1) the Contractor has made false certification, or (2) violated

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the certification by failing to carry out the requirements as noted above. (GC 8350 et seq.)

11. Internal Control Certification

Contractor shall ensure the establishment and maintenance of a system of internal accounting and administrative control. This responsibility includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. The system of internal accounting and administrative control shall include:

- A. Segregation of duties appropriate to safeguard state assets;
- B. Limited access to agency assets to authorized personnel who require these assets in the performance of their assigned duties;
- C. Authorization and recordkeeping procedures adequate to provide effective accounting controls over assets, liabilities, revenues, and expenditures;
- D. Established practices to be followed in performance of duties and functions;
- E. Personnel of a quality commensurate with their responsibilities; and
- F. Effective internal reviews.

12. Codes of Conduct

- A. Contractor shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts or subcontracts. No employee, officer, or agent of the Contractor shall participate in the selection, award, or administration of a subcontract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the Contractor shall neither solicit nor accept gratuities, favors, or anything of monetary value from subcontractors or parties to subagreements. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipients.
- B. Contractor shall not pay funds received from CSD to any entity in which it (or one of its employees, officers, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein) has an interest. As ownership constitutes a financial

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interest, Contractor shall not subcontract with a subsidiary. Similarly, Contractor shall not subcontract with an entity that employs or is about to employ any person described in Office of Management and Budget Circular A-110, section 42.

13. Auditing Standards

- A. Contractor assures that it will comply with the auditing standards set forth in EXHIBIT D, SPECIAL TERMS AND CONDITIONS, ATTACHMENT I, DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT'S (CSD) SUPPLEMENTAL AUDIT GUIDE, which is hereby incorporated by this reference.
- B. As required by the CSD Supplemental Audit Guide, Contractor shall ensure that its CPA or CPA firm includes supplemental statements of revenue and expenditure for all CSD contracts or programs in the single agency-wide audit. Contractor shall ensure that its CPA or CPA firm:
 - 1) Audits the supplemental statements of revenue and expenditures and includes a reconciliation between reported and audited costs.
 - 2) Identifies schedules by administrative and programmatic costs (direct and indirect/allocated) related to CSD contracts.
 - 3) Includes supplemental statements that identify excess revenue and interest income earned by CSD programs as well as any cumulative balances being carried by the agency.
- C. Contractor shall ensure that its CPA tests all indirect cost rates used in allocating costs to CSD programs and comments on the appropriateness of the allocation method being used. (If Contractor has an indirect cost allocation plan that has been approved by the agency's federal cognizant agency, this requirement does not apply.)
- D. Contractor shall have a system in place so that its client files contain supporting documentation and demonstrate compliance with this Agreement. Contractor's system shall include tracking or allocating hours and materials, cost per measure, and reimbursement claims to CSD. Contractor shall ensure that its CPA tests client files from each CSD program component for supporting documentation and program compliance for all applicable CSD contracts, as established by each contract's terms and conditions.
- E. Contractor shall ensure that its CPA fully reports on an agency's subsidiaries, wholly owned or otherwise, and all related, for-profit entities. If a separate audit of any subsidiary is not performed, Contractor shall ensure that its CPA fully discloses the activities of subsidiaries in the single agency-wide audit.

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14. Expatriate Corporations

Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code section 10286 and 10286.1, and is eligible to contract with the State of California.

15. Domestic Partners

Commencing on July 1, 2004 Contractor certifies that it is in compliance with Public Contract Code section 10295.3 with regard to benefits for domestic partners. For any contracts executed or amended, bid packages advertised or made available, or sealed bids received on or after July 1 2004 and prior to January 1, 2007, a Contractor may require an employee to pay the costs of providing additional benefits that are offered to comply with PCC 10295.3.

16. Air or Water Pollution Violation

Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

17. Information Integrity and Security

Contractor is a non-State entity; and as such it certifies that it will safeguard access to State information resources, which includes the integrity and security of the State's automated files and databases. (State Administrative Manual Sections 4840.4, 4841.2, and 4841.3) Contractor shall establish appropriate policies and procedures for preserving the integrity and security of each automated file or database to include, at a minimum, the following:

- a. Appropriate levels of confidentiality for the data based on data classification (see State Administrative Manual Section 4841.3);
- b. Standards for transmission and storage of the data, if applicable;
- c. Agreement to comply with all State policy and law regarding use of information resources and data;
- d. Signed confidentiality statements for any officers, employees, and board members that may have access to State information assets in conducting business with the State;

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- e. Agreement to apply security patches and upgrades, and keep virus software up-to-date on all systems on which data may be used; and
- f. Agreement to notify the State data owners promptly if a security incident involving the data occurs.

18. Forms

CSD shall provide a master of the Energy Intake Form, and Contractor shall duplicate it for future use. Contractors shall utilize the web-based bimonthly reporting system available on CSD's website at <http://www.csd.ca.gov>. Contractor's equivalent forms (excluding the Energy Intake Form and the bimonthly reporting forms) must be approved by CSD.

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ATTACHMENT I: CSD SUPPLEMENTAL AUDIT GUIDE

Purpose: The purpose of this guide is to provide a tool that can be used by the independent auditor and CPA firms that perform audits of agencies that contract with the California Department of Community Services and Development (CSD). All independent auditors and CPA Firms must follow this audit guide if the agency being audited is funded, totally or in part, by CSD contracts.

The primary focus of this guide is auditing and reporting on specific items of costs reported by CSD-funded agencies.

This guide is not intended to be an auditing procedures manual but rather a guide that will assist the independent auditor and CPA firm in testing certain costs identified by CSD as needing more-detailed disclosure. Auditors performing the work related to this audit guide must still exercise professional judgment.

1. Auditor's Judgment

The auditor shall follow the procedures included in this audit guide unless in the exercise of his or her professional judgment, the auditor determines that other procedures are more appropriate in particular circumstances. However, the auditor must justify in writing any change from the audit procedures suggested by this audit guide.

2. Selected Items of Cost: Weatherization Crew Hours

A. Does the agency have a system in place to capture the actual hours each weatherization worker spends on each house? If so, document the system and report it to CSD.

B. Verify that the monthly report summaries used to report weatherization crew hours provide accurate information by selecting a representative sample. Trace the monthly closeout report totals for weatherization labor hours to the agency's monthly report summaries and then confirm this to the supporting source documents.

3. Inventory System

A. The independent auditor or CPA firm must gather evidence as to the existence of the inventory listed as an asset on the balance sheet. Also, the closeout report on CSD contracts requires an inventory listing on items purchased with CSD contract funds. Inventories listed on the balance sheet and on the CSD closeout reports must be verified that they physically exist.

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- B. Inventory listings must be accurately compiled in the inventory accounts. Inventories are to be properly stated at cost (except when the market rate is lower).

4. Subcontracts

Subcontracts must be arms-length agreements. Validate and report to CSD. CSD-funded agencies should be aware that contracting with wholly owned subsidiaries might not be considered arms-length agreements. This is especially true where both boards have similar members.

5. System of Internal Control

- A. Audits must include an examination of the systems of internal control. Internal control systems must be established to ensure compliance with laws and regulations affecting the expenditure of State and/or Federal funds, financial transactions and accounts, and the agency's process for submission of contractor billings submitted to CSD for the performance of the contract.
- B. The agency's accounting system must provide for accumulating and recording of expenditures by cost category (budget line items) shown in the approved budget. The independent auditor or CPA firm must give an opinion on the internal controls of the agency being reviewed.

6. Administrative Cost Cap

CSD contracts have an administrative cost cap. Administrative costs charged to each CSD contract must not exceed this cost. In addition, other Federal funds must not be used to exceed the total administrative cost cap charged to the CSD contract, unless specifically allowed by Federal statute.

7. Use of Indirect Cost Rates

- A. A Federally Approved Indirect Cost Allocation Rate may be used for selected items of costs up to the maximum allowed by the CSD contract's administrative cost rate. Costs claimed for a specific line item in the budget cannot be reported as direct costs and also as indirect costs.
- B. Validate the indirect cost rate used by the agency.

8. Basis for Allocation of Costs

The independent auditor or CPA firm must identify the agency's basis for distributing costs to CSD contracts. Costs charged to CSD contracts must be allocable, allowable,

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and based on actual expenses incurred by the agency for the CSD contract. Costs charged to the CSD contract must also have an approved contract budget line item.

9. Going Concern and Subsequent Events

The independent auditor or CPA firm must provide a “positive assurance” statement that any (significant) subsequent events, related directly or indirectly, that occurred after the final closeout report and single agency-wide audit are submitted to CSD do not materially affect the closeout report, as submitted by the agency. Additionally, the independent auditor or CPA firm must provide “positive assurance” whether or not the agency will continue as a going concern. Some examples are litigation settlement, bankruptcy, mergers, large loans, cash flow problems, etc.

10. Representation Letter

A Representation Letter between the independent auditor or CPA firm and the agency must be forwarded to CSD. The Executive Director and the agency’s controller (or equivalent) must sign the Representation Letter.

11. Supplemental Statements

- A. Beginning with the 1994 program year, CSD contract provisions have required the financial and compliance audit to include supplemental statements. These supplemental statements must be included as part of the package submitted to CSD with the single agency-wide audit for each fiscal year. CSD uses the above information to reconcile the audited costs to the costs reported by the agency.
- B. The supplemental statements should be based on the budget line items contained in the contract. The supplemental statement must include the contract budget line items, expenditures for each budget line item by fiscal year, total audited costs, and total reported expenses by budget line item. Please refer to Supplemental Audit Guide Attachment No. 1 for an example of the format to use for the required supplemental statements.

12. Testing of Transactions

A sufficient number of items should be selected for review that represent all material costs categories. The audit should determine whether:

- a. Agency’s internal control over the contract is effective and working as intended;
- b. Reported program expenditures are allowable;
- c. Reported expenditures conform to funding or program limitations or exclusions;
- d. Reported expenditures are not charged to, or reimbursed by, other programs or funding sources.

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- e. Transactions are properly approved, reported, and supported by source documents;
- f. Reported expenditures were incurred within the appropriate contract term; and
- g. Agency complied with applicable laws, regulations, and contract requirements.

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ADDITIONAL PROVISIONS

1. Limitation on Use of Funds

Contractor shall assure that funds received under this Agreement shall not be used for the purchase or improvement of land or for the purchase, construction, or permanent improvement of any building or other facility other than low-income weatherization or energy-related home repairs.

2. Audit Reports

- A. Funds provided under this Agreement shall be included in the agency's annual audit report.
- B. The financial and compliance audit shall contain the following supplementary financial information: a combining statement of revenue and expenditure for each contract that presents budget line item, revenue, and expenditures for the contract of the audit period.

The audit reports are to be submitted to the following address:

Department of Community Services and Development
Attention: Audit Services Unit
700 North 10th Street, Room 258
Sacramento, CA 95814

- C. Where services or funds under this Agreement are provided to, for, or by a wholly owned, or wholly controlled subsidiary of Contractor, Contractor hereby provides assurance that an audit shall be performed of this subsidiary organization in accordance with this Section. Said required audit report shall be made available to the State upon request.

3. Suspension and Termination

- A. The State may, upon reasonable notice to Contractor or Subcontractor, suspend this Agreement in whole or in part. In the case of Contractor's fraud or gross negligence, suspension without prior notice by the State is permissible.
- B. If Contractor has failed to comply with the material terms of this Agreement, the State shall:
 - 1) Notify the Contractor in writing by certified mail or personal service;
 - 2) Specify the effective date of the suspension;

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- 3) Specify the reasons for the suspension and what corrective action is expected;
 - 4) Give a specified period of time in which to take corrective action; and
 - 5) Inform the Contractor that if the corrective action is not taken within the specified time frame, the State will terminate the contract.
- C. A suspension shall remain in effect until Contractor has taken corrective action satisfactory to the State.
- D. New obligations, including costs for goods, services, or related expenses, incurred by Contractor under this Agreement during the suspension period will not be allowed unless expressly authorized by the state in the notice of suspension.
4. Contractor Assurances and Certifications
- A. Contractor assures that it shall exercise due care in the use, maintenance, protection, and preservation of state-owned property in Contractor's possession or any other property purchased by Contractor with State funds. Such care shall include, but is not limited to, the following:
- 1) Maintaining insurance coverage against loss or damage to such property.
 - 2) Ensuring that the legal ownership of any motor vehicle or trailer is in the name of the Contractor.
- B. Purchases
- 1) Contractor assures that all supplies, materials, equipment, or services purchased with funds provided by this Agreement shall be used solely for the activities allowed under this Agreement, unless a fair market value for such use is charged to the benefiting program and credited to this Agreement.
 - 2) Contractor shall adhere to its established policies and procedures regarding the purchase, lease, or subcontracting for any articles, supplies, equipment, or services obtained from vendors or subcontractors having a per-unit cost in excess of \$5,000. Three competitive quotations shall be obtained or adequate justification maintained as to the absence of bidding. Contractor's Board of Directors shall approve policies and procedures. Noncompliance may result in a disallowance of the purchase/lease item(s) or subcontract. In cases of emergency where awarding a contract is

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necessary for the immediate preservation of public health, welfare, or safety, the three-bid process is not required.

- 3) For purchase or lease of equipment having a per-unit cost of five thousand dollars (\$5,000) or more, Contractor shall prepare and submit a Request for Purchase/Lease Approval, CSD 558, to CSD prior to commencing purchasing/leasing activities. Noncompliance shall result in a disallowance of purchase/lease item(s).
- C. Contractor assures that it shall be in compliance with State Occupational Safety and Health Statutes, the California Safe Drinking Water and Toxic Enforcement Act of 1986, and Workers' Compensation laws.
- D. Contractor assures that Weatherization and Outreach activities are conducted in accordance with the priority plan(s), EXHIBIT H, WEATHERIZATION PRIORITY PLAN NARRATIVE.
- 1) Contractor assures that it shall conduct PVEA Weatherization and Outreach activities and provide assistance to low-income households in meeting their home energy costs, particularly those with the lowest incomes that pay a high proportion of household income for home energy.
 - 2) Contractor also assures that it shall conduct PVEA Weatherization and Outreach activities designed to assure that those eligible households with elderly individuals, disabled individuals, or children five years (5) and under and households with high energy burdens and high home energy needs are made aware of the assistance available under this Agreement.
- E. Contract Administration

Contractor shall conduct all procurement transactions in a manner to provide, to the maximum extent practical, open and free competition. Contractor shall not permit any organizational conflicts of interest or noncompetitive practices that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective subcontractor performance and eliminate unfair competitive advantage, individuals, or firms that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurements. Contractor shall award any subcontract to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to Contractor when considering price, quality, and other factors. Contractor's solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient.

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5. Compliance with Rules and Regulations

Activities of Contractor with respect to this Agreement shall be conducted in accordance with pertinent state rules and regulations.

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PROGRAMMATIC PROVISIONS

1. Amendments and Modifications

- A. If Contractor desires a contract amendment or modification, Contractor shall submit to CSD a Request for Amendment/Modification Energy, CSD 509, to request changes to its approved budget, goal, and priority plan exhibits.
- B. The request(s) shall be received by CSD no later than 45 calendar days prior to the expiration date of this Agreement.
- C. Contractor shall advise the State when proposed changes to the contract also affect the Program Budget.

2. Equitable Treatment

Contractor shall assure that owners and renters receive equitable treatment under this program.

3. Record-Keeping Responsibilities

- A. Contractor shall maintain all records pertaining to this Agreement for a minimum period of three years after submission of the final report. However, Contractor shall maintain all such records until resolution of all audit and monitoring findings are completed.
- B. Contractor shall maintain source documentation in such a manner that includes job references and total job hours so that actual labor hours billed to the PVEA Weatherization Program can be substantiated.
- C. Contractor shall make appropriate books, documents, papers, and records available to the federal government, the state, or any of their duly authorized representatives including representatives of the entity selected by CSD to perform inspections, for examination, copying, or mechanical reproduction, on or off the premises of the appropriate entity upon a reasonable request therefor.
- D. Contractor shall maintain a separate file for each applicant certified as eligible to receive assistance. Said files shall include at least the following documentation:
 - 1) Energy Intake Form;
 - 2) Utility/energy bill(s);
 - 3) Energy Dwelling Unit Assessment;

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- 4) Copies of source documents supporting eligibility;
- 5) Weatherization Building Check and Job Order Sheet;
- 6) CSD 600, Statement of Citizenship, Alienage and Immigration Status for Public Benefits, and supporting documents, if applicable;
- 7) A source document that substantiates that the client was provided with need assessment (energy burden), energy education, budget counseling, and coordination with utility companies.
- 8) Documentation of compliance with the Environmental Protection Agency rules in 40 CFR 745, Lead; Requirements for Hazard Education Before Renovation of Target Housing, Final Rule, using Lead-Safe Education Confirmation of Receipt, CSD 321; Notice of Weatherization/Renovation, CSD 320; and Record of Tenant Notification Procedures, CSD 322;
- 9) If applicable, CSD Weatherization Deferral Form;
- 10) If applicable, Contractor Post Weatherization Inspection Report, CSD 611.
- 11) Source documentation that substantiates the basis for providing heating and cooling services, including results of the HVAC diagnostic inspection; copy of permit application and/or permit; or documentation of permit cost claimed, and if applicable documentation substantiating the referral to the weatherization program.
- 12) If applicable, source documentation and records substantiating mileage claim by individual weatherized SFD and MUD Unit.
- 13) Source documentation that substantiates the criteria for replacement of all gas and electric appliances and the nonfeasibility of all mandatory measures not performed or installed;
- 14) Written permission of the owner of a rental unit or his/her agent prior to performing any weatherization services recorded on the Energy Service Agreement for Rental Units, CSD 515, or the DOE Service Agreement for Unoccupied Multi-Unit Dwelling, CSD 515d;
- 15) Combustion Appliance Safety Inspection Form (CASIF), if applicable;
- 16) Blower Door Data Sheet, if applicable;
- 17) Hazardous Correction Work Plan, if applicable;

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- 18) Waivers to exceed maximums of weatherization measures, if applicable;
 - 19) Source documentation that substantiates all costs for labor and materials;
 - 20) Documentation of weatherization measures installed with other weatherization program funds, if applicable; and
 - 21) Documentation of compliance with California Energy Commission 2005 Building Energy Efficiency Standards, Alterations under Title 24, Part 6, of the California Code of Regulations, California Home Energy Rating System Program (HERS) regulations, effective October 1, 2005, as described in EXHIBIT F, PROGRAMMATIC PROVISIONS, Section 9. Special Provisions – Weatherization Activities, B. Scope of Services, 8) Quality Assurance, item e.
- E. Contractor shall maintain client intake/needs assessment form(s) for Weatherization and appropriate supporting documentation, including appeal documents for each applicant who is not certified as being eligible to receive assistance.
- F. Contractor assures that employee and applicant records shall be maintained in a confidential manner to assure compliance with the Information Practices Act of 1977, as amended, and the Federal Privacy Act of 1974, as amended.
4. Right to Monitor, Audit, and Investigate
- A. Any duly authorized representative of the federal or state government, which includes but is not limited to the State Auditor and the entity selected by CSD to perform inspections, shall have the right to monitor and audit Contractor and all subcontractors providing services under this Agreement through on-site inspections, audits, and other applicable means the State determines necessary.
- 1) Unless Contractor assumes the task of arranging inspection visits with the selected weatherization clients, Contractor shall provide the use of a telephone to the inspector.
 - 2) Contractor or a ride-along (designated representative) shall accompany the inspector on client inspection visits and shall provide transportation and equipment to the inspector in accordance with the CSD Inspection Policies and Procedures. When possible, Contractor shall make corrections during the client inspections visits.
- B. All agreements entered into by Contractor with audit firms for purposes of conducting independent audits under this Agreement shall contain a clause

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permitting any duly authorized representative of the state government access to the working papers of said audit firm(s).

5. Weatherization Applicant Eligibility and Service Priority

A. Eligibility for Weatherization

- 1) Assistance shall be available only to the following households:
 - a. Households with incomes that do not exceed an amount equal to sixty percent (60%) of the State median income; or
 - b. Households in which one or more individuals are receiving one or more of the following types of assistance and whose income does not exceed an amount equal to sixty percent (60%) of the State median income:
 - i. Temporary Assistance for Needy Families, Public Law 104-193, Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Chapter 2, Part 3, Division 9 of the Welfare and Institutions Code;
 - ii. Supplemental Security Income (SSI)/State Supplementary Program (SSP) payments;
 - iii. Food Stamps;
 - iv. Payments under Sections 415, 521, 541, or 542 of Title 38 of the United States Code, or under Section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or
 - v. County General Assistance, Part 5, Division 9 of the Welfare and Institutions Code.
- 2) No household shall be excluded from eligibility solely on the basis of household income if that income is less than one hundred and ten percent (110%) of the poverty level for this State.
- 3) Income verification must be for one month and current within six (6) weeks of the application intake date or an annual award letter. For acceptable types of documentation, refer to the LIHEAP Eligibility and Verification Guide. Contractor shall maintain appropriate documents in each applicant's file.

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B. Service Priority for Weatherization

- 1) Contractor shall give first priority for services to those households with the highest energy burden.
- 2) Contractor shall factor into its first priority for services, households with the following vulnerable populations: young children (ages 5 years or under), disabled, and elderly persons (ages 60 years or older).
- 3) Contractor may give first priority for services to those households whose members have life-threatening emergencies.
- 4) The WEATHERIZATION PRIORITY PLAN NARRATIVE, EXHIBIT H, as described in EXHIBIT E, ADDITIONAL PROVISIONS, Section 4. Contractor Assurances and Certifications, item D., shall contain the following elements:
 - a. Contractor shall describe in narrative format the selection process for dwellings to be weatherized and shall include the selection process for serving previously weatherized dwellings.
 - b. Contractor shall include specific Outreach activities designed to target households that have not been previously served under a LIHEAP or DOE Weatherization programs.
- 5) Because of limited funding, Contractors are discouraged from providing weatherization services to dwellings previously weatherized under LIHEAP within the past four years.

6. Outreach Activities

A. Weatherization Funds

Contractor shall use outreach funds for program support of PVEA Weatherization.

B. Outreach Program Funds

Outreach funds shall be used for activities designed to assure that eligible households, as described within the Contractor's approved WEATHERIZATION PRIORITY PLAN NARRATIVE, EXHIBIT H, are made aware of the services available through the PVEA program and any similar energy-related assistance programs.

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7. Intake Activities

Intake program funds shall be used for determining eligibility of applicants seeking PVEA services. Services include the process of completing an intake form and reviewing applicant documentation. Contractor shall:

- A. Establish reasonable hours whereby customers/applicants will have access during regular business hours to seek program information with an assurance that the Contractor shall respond to the customer/applicant's request within a reasonable amount of time.
- B. Accept applications for assistance during regular business hours.
- C. Provide intake only at sites accessible to the disabled.
- D. Contractor shall utilize the Energy Intake Form as a multipurpose form for referrals to the PVEA Weatherization Program, the LIHEAP Weatherization Program, and the DOE Program.

8. Client Education – Counseling

- A. Contractor shall provide to all recipients of energy assistance under this Agreement applicable energy conservation information and counseling that shall include at least the following:
 - 1) Information to the client regarding the importance of applying for energy assistance prior to being in an arrearage situation and to include information concerning various utility company budget payment plan(s).
 - 2) Written information that describes energy-saving behavioral adjustments that will decrease the energy consumption of the household.
 - 3) Resource information, referral, family, and budget counseling in order to assist clients in achieving self-sufficiency.
 - 4) Education/Counseling - Weatherization
 - a. Unweatherized Dwellings

Contractor may claim such costs for the occupants of each eligible unit not previously weatherized. Additionally, Contractor will be allowed to claim reimbursement for client education when a safety check of combustion appliances reveals safety hazards that preclude tightening of the envelope.

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b. Dwellings Weatherized with Nonfederal Funds

Contractor shall not claim reimbursement for client education unless the dwelling was previously weatherized by nonfederal funds, i.e., regulated or nonregulated utility companies, private sector funds, etc., or by a weatherization service provider not associated with the provisions of this Agreement. If such circumstances exist, Contractor shall conduct client education in accordance with this section and may claim reimbursement in accordance with EXHIBIT F, PROGRAMMATIC PROVISIONS, Section 9. Special Provisions – Weatherization Activities, B. Scope of Services, item 2) Intake, for the occupants of each eligible unit previously weatherized.

c. Dwellings Weatherized with LIHEAP and DOE Funds

Contractor may claim reimbursement for client education only once when PVEA, LIHEAP, and DOE funds are used concurrently in the same unit.

d. Client Education Policy for Pre-1979 Dwellings

Occupants of pre-1979 units to be weatherized must receive the pamphlet “Protect Your Family from Lead in Your Home.” A copy of the Lead-Safe Education Confirmation of Receipt (CSD 321) must be completed and retained in the client file.

e. A description of the benefits that the client can expect to receive as a result of the weatherization measures installed in the dwelling.

f. An explanation of the action of each measure in terms of preventing air infiltration or the escape of heated or cooled air from the dwelling and how to maximize the effect of such measures.

3) Coordination

- a. Contractor shall refer all potentially eligible applicants to other energy or conservation programs. Contractor shall coordinate its activities with other federal, state, or local energy conservation programs with the goal of conserving energy, improving thermal efficiency, or defraying energy costs of low-income households.
- b. Contractor may perform services and install energy conservation measures in accordance with this Agreement and with other energy programs

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concurrently in the same dwelling as feasible and in the best interests of the client; however, Contractor may not claim reimbursement for services performed and energy conservation measure(s) installed from more than one funding source.

9. Special Provisions – Weatherization Activities

A. Provision of Services

- 1) Contractor shall certify a household's income eligibility for the provision of weatherization services before the installation of any weatherization measure.
- 2) The certification shall remain in effect for a period of 120 days from the date the household is determined income eligible.
- 3) At a minimum, within the 120-day period of the household's certification, Contractor shall perform the assessment of the dwelling and determine the weatherization measures to be installed.
- 4) If the assessment of the dwelling and the determination of the weatherization measures to be installed do not begin within the 120-day period of the household's certification, Contractor shall recertify the household's eligibility and shall not charge for costs associated with recertification such as outreach and intake activities.

B. Scope of Services

1) Outreach

Contractor may claim reimbursement for outreach and its related services only once for each unit weatherized whether under this Agreement or a previous CSD agreement.

a. Unweatherized Dwellings

Contractor may claim reimbursement for outreach in accordance with EXHIBIT F, PROGRAMMATIC PROVISIONS, Section 9. Special Provisions – Weatherization Activities, B. Scope of Services, 1) Outreach, for each eligible unit not previously weatherized. Additionally, Contractor will be allowed to claim reimbursement when a safety check of combustion appliances reveals safety hazards that preclude tightening of the envelope.

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b. Dwellings Weatherized with Nonfederal Funds

Contractor may claim reimbursement for outreach only if another service provider performed the previous weatherization.

c. Dwellings Weatherized with PVEA, DOE, and LIHEAP Funds

Contractor may claim reimbursement for outreach only once when PVEA, DOE, and LIHEAP funds are used concurrently in the same unit.

2) Intake

a. Unweatherized Dwellings

Contractor may claim intake for each eligible household not previously weatherized. Additionally, Contractor will be allowed to claim intake costs when a safety check of combustion appliances reveals safety hazards that preclude tightening of the envelope.

b. Dwellings Weatherized with Nonfederal Funds

If the previous weatherization was performed under a nonfederal program, the occupant eligibility must be certified; therefore, Contractor may claim intake costs.

c. Dwellings Weatherized with PVEA Weatherization, LIHEAP, and DOE Funds

Contractor may claim intake only once when PVEA Weatherization, LIHEAP, and DOE funds are used concurrently in the same unit.

3) Assessment of Dwelling

a. Contractor shall inspect the dwelling of each eligible applicant to determine if the unit is structurally sound and not in need of extensive repairs. All pre-1979 dwellings are subject to the lead-safe weatherization guidelines in accordance with the CSD Lead-Safe Weatherization Policies.

b. If the dwelling unit is not eligible because of the need for extensive repair, the unit shall not be serviced and the applicant should be referred to the local Housing and Community Development

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Department, U.S. Farmers Home Administration Housing Loan Program, or other similar organizations or programs.

- c. Documentation of ineligibility due to the need for extensive repairs shall be recorded on the Energy Dwelling Unit Assessment, CSD 554, or Contractor's equivalent.
- d. If the applicant can obtain the necessary repairs to make the dwelling unit eligible for weatherization services, weatherization activities may be accomplished following the repair work.
- e. If an unvented space heater is being utilized, infiltration reduction measures shall not be applied unless venting is installed or the unit is replaced.
- f. Contractor shall conduct a preliminary combustion appliance safety check on all dwelling units that are not all-electric units, and, where applicable, perform a post-check of said dwelling using the Combustion Appliance Safety Inspection Form (RHA 1/15/03).
- g. If it is determined during the assessment that the dwelling unit contains a condition that is hazardous to the occupants, proper steps in accordance with CSD Low-Income Weatherization Assistance Program Policies and Procedures must be taken to alleviate the hazard. In these cases, infiltration reduction measures may not be installed until the hazard has been corrected; however, Contractor may install non-infiltration reduction measures.
- h. Contractor may claim reimbursement for weatherization activities as documented on the Energy Dwelling Unit Assessment, CSD 554, or Contractor's equivalent, in accordance with EXHIBIT F, PROGRAMMATIC PROVISIONS, Section 9. Special Provisions – Weatherization Activities, B. Scope of Services, for each eligible household not previously weatherized. Additionally, Contractor will be allowed to claim reimbursement when a safety check of combustion appliances reveals safety hazards that preclude tightening of the envelope.
- i. Following a determination that no combustion by-product hazards exist, Contractor shall perform pressure diagnostic guided infiltration reduction using a pre-weatherization blower door test on all mobile homes, manufactured homes, and all site-built dwellings with operable forced air units. Post-weatherization blower door testing will be performed on those dwellings that received pre-weatherization blower door testing and shell

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tightening to determine that ventilation requirements are not below minimum shell target. All blower door testing shall be performed in conformance with the CSD Conventional Home Weatherization Installation Standards (WIS), and CSD Mobile Home Weatherization Installation Standards (WIS) Manuals.

- j. If Contractor determines that a blower door test is not feasible, Contractor may perform a duct leakage test utilizing a duct blaster.
- k. Repair of large leaks identified by either a Duct Blaster or blower door testing (sealing of catastrophic leaks and minor envelope repairs) may reduce shell leakage so close to the Minimum Ventilation Requirement (MVR) that caulking and/or weatherstripping are not feasible, thus reducing the number of feasible Mandatory Measures to fewer than needed to qualify the dwelling for weatherization. In this case, Contractor may substitute noninfiltration reduction Optional Measures as needed for the nonfeasible caulking and/or weatherstripping measures.

4) Unweatherized Dwellings

- a. Single-family detached and other single-story dwellings, as defined in EXHIBIT I, DEFINITIONS, that have not been previously weatherized under a CSD program or other program may be weatherized under this Agreement only if:
 - i. Ceiling Insulation plus two additional Mandatory Measures are installed, or
 - ii. In the event Ceiling Insulation is not feasible, at least four Mandatory Measures are installed.
- b. If a health or safety hazard is found to exist that requires replacing or repairing a combustion appliance, the cost of which will preclude the installation of the required number of Mandatory Measures, the dwelling may qualify for weatherization under the following conditions:
 - i. The combustion appliance is repaired or replaced, and
 - ii. All remaining feasible Mandatory Measures are installed up to the maximum dollar limit.
- c. Multistory, multiunit complexes, as defined in EXHIBIT I, DEFINITIONS, may qualify with the installation of ceiling

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insulation and any two other mandatory measures or, in the event ceiling insulation is not feasible, at least three mandatory measures.

- i. Installation of ceiling insulation may be counted as a ceiling insulation measure for each unit within that building envelope. The charge shall be prorated among all dwelling units.
- ii. Insulation of a common water heater shall qualify as a mandatory measure for each unit served by the same water heater. Reimbursement may be claimed, however, for only one water heater and the equivalent number of standard-sized water heater blankets installed, and the cost shall be prorated among all dwelling units.
- d. In accordance with EXHIBIT F, PROGRAMMATIC PROVISIONS, Section 9. Special Provisions – Weatherization Activities, B. Scope of Services, Contractor may claim reimbursement for dwelling assessment for each eligible unit not previously weatherized.

5) Previously Weatherized Dwellings

- a. If a dwelling has been previously weatherized under a CSD or other federal program, Contractor may provide previously unapplied mandatory and optional measures within the dollar limits of this Agreement.
- b. If the previous weatherization was performed under a nonfederal program, the dwelling and occupant eligibility must be recertified; therefore, Contractor may claim reimbursement for assessment of dwelling and charge for intake.
- c. In accordance with EXHIBIT F, PROGRAMMATIC PROVISIONS, Section 5. Weatherization Applicant Eligibility and Service Priority, B. Service Priority for Weatherization, item 4), Contractor shall describe the process for prioritizing previously weatherized dwellings in the WEATHERIZATION PRIORITY PLAN NARRATIVE, EXHIBIT H.

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- 6) Dwellings Weatherized with PVEA Weatherization, LIHEAP, and DOE Funds

Contractor may claim reimbursement for dwelling assessment only once when PVEA Weatherization, LIHEAP, and DOE funds are used concurrently in the same unit.

- 7) Installation Guidelines

- a. Health or Safety Hazard Repair or Replacement (which includes both hazardous conditions and other “required repairs” per the Combustion Appliance Safety Inspection Form), Carbon Monoxide/Alarm, and Priority Insulation measures must be installed in priority order. Other mandatory measures must be installed before optional measures, and no measure shall be excluded, unless the:
 - i. Blower door and/or pressurized duct diagnostic test indicates that installation of the measure is not necessary;
 - ii. Dwelling already has that measure in place;
 - iii. Measure cannot be properly installed;
 - iv. Client refuses installation (client refusal is to be documented and placed in file);
 - v. Maximum dollar limit is reached; or
 - vi. Measure is not needed or required.
- b. Leveraging weatherization funds may be used to install mandatory and/or optional measures in a dwelling in any order practical to the application of weatherization measures. Client files shall be documented accordingly.
- c. Contractor shall ensure that any leveraged-funded activity performed in conjunction with the PVEA Weatherization program is in conformance with the current CSD Conventional Home WIS, the CSD Mobile Home WIS, and the CSD Low-income Weatherization Assistance Program Policies and Procedures. If permitted by the leveraged-funding source, Contractor shall document within the weatherization client file the activity performed, date of the activity performed, and the source of the leveraged funds. If the leveraged-funding source prohibits the

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disclosure of such information, Contractor shall at a minimum make reference to the leveraged activity within the PVEA Weatherization client file. CSD ensures that this information will be utilized for the sole purpose of verifying the delivery of services. CSD also reserves the right to use a third-party inspector to review and verify that the leveraged funded activities conform to applicable standards and practices. Contractor shall ensure that duplicate billings (compensation) for the same product or service do not occur.

- d. If the dollar limit has not been reached in installing feasible mandatory measures, Contractor may install optional measures.
- e. Measures shall be applied in accordance with the Energy Dwelling Unit Assessment. Installation of those measures contained therein shall be accomplished in conformance with the current CSD Conventional Home WIS, the CSD Mobile Home WIS, the CSD Low-Income Weatherization Assistance Program Policies and Procedures, the CSD Lead-Safe Weatherization Policies, CSD Health and Safety Plan, and the CSD Inspection Policies and Procedures, hereby incorporated by reference.
- f. Standards contained in the Uniform Building Code and local city and county codes shall take precedence over the CSD WIS if the code requirement: 1) is not included in the manual, or 2) is more stringent.
- g. Upon the State's request, Contractor shall furnish proof that materials used under this program conform to the requirements of EXHIBIT G, MATERIALS STANDARDS, the CSD Weatherization Installation Standards, and/or state, county, or local regulations.
- h. Any weatherization materials purchased with these grant funds and remaining at the expiration of this Agreement shall be credited against Contractor's weatherization materials expenditures under this Agreement and charged to whatever other weatherization program Contractor may have in effect. If Contractor has no other weatherization program in effect, the State shall be contacted for disposition instructions.

8) Quality Assurance

- a. Contractor, or its designee, shall establish a comprehensive, detailed, and fully documented Quality Control procedure to assess

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the quality and completeness of weatherization work performed under this Agreement. In addition, Contractor shall provide assurance that all weatherization work performed under this agreement is consistent with the CSD Low-Income Weatherization Policy and Procedures, CSD Conventional Home and CSD Mobile Home Weatherization Installation Standards, Lead-Safe Weatherization Policy and Procedures (if applicable), and CSD Health and Safety Plan. Such assurance will be documented and noted on the Weatherization Building Check and Job Order Sheet (CSD 540), or Contractor's equivalent, signed and dated by certifying agency representative. Contractor shall not report a dwelling as weatherized nor request reimbursement prior to the above certification.

- b. Post-Weatherization Dwelling Inspections
 - i. Contractor shall perform Post-Weatherization Inspections on 25% percent of the total weatherized dwellings under this Agreement. Post-Weatherization Inspections shall be proportional to the number of completed units for each reporting period.
 - (a) Contractor shall submit for reimbursement a maximum of 25% percent Post-Weatherization Inspections of the total dwellings weatherized per reporting period.
 - (b) Contractor may, at its option, perform inspections beyond the minimum requirement of 25% of the total dwellings weatherized; however, Contractor shall not be reimbursed beyond the maximum amount allowable of 25% Post-Weatherization Inspections per reporting period.
 - (c) Contractor shall ensure that a total of 25% percent Post-Weatherization Inspections have been completed and that Contractor has not exceeded the maximum reimbursement amount allowable of 25% of the total weatherized dwellings under this service agreement.
 - (d) Contractor shall perform Post-Weatherization Inspections in accordance with CSD Inspection Policies and Procedures. Contractors shall give

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priority to inspecting dwellings receiving the following weatherization services/measures:

- (i) Combustion Appliance Safety Testing
- (ii) Blower Door Testing
- (iii) Ceiling Insulation
- (iv) Minor Envelope Repairs

ii. Post-inspections shall be conducted for the purpose of assessing the quality and completeness of performed weatherization services and compliance with CSD Low-Income Weatherization Policies and Procedures, CSD Conventional Home and CSD Mobile Home Weatherization Installation Standards, Lead Safe Weatherization Policy and Procedures (if applicable), CSD Health and Safety Plan, and the terms and conditions of this Agreement. In addition the post-inspection shall include the following.

- (a) Review of the completed Weatherization Building Check and Job Order Sheet (CSD 540) to determine that all specified measures are completely installed in accordance with CSD Low-Income Weatherization Policies and Procedures, CSD Conventional Home and CSD Mobile Home Weatherization Installation Standards, Lead-Safe Weatherization Policy and Procedures (if applicable), CSD Health and Safety Plan, and the terms and conditions of this Agreement;
- (b) Review of installed materials as referenced on Weatherization Building Check and Job Order Sheet (CSD 540) and verification that installed materials were accurately reported and invoiced to CSD. In addition, review shall include a review of installed measures to determine the absence of any feasible Mandatory Measure not installed; and/or the installation of a measure (nonfeasible measure) in noncompliance with CSD Low-Income Weatherization Policies and Procedures, CSD Conventional Home and CSD Mobile Home Weatherization Installation Standards, Lead Safe

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Weatherization Policy and Procedures (if applicable), CSD Health and Safety Plan, and the terms and conditions of this Agreement;

- (c) Verification that the unit received Blower Door Testing (where applicable);
 - (d) Inspection of all combustion appliances receiving Combustion Application Safety (CAS) Testing to ensure that all tests were completed in compliance with CSD Weatherization Policies and Procedures, CSD Conventional Home and CSD Mobile Home Weatherization Installation Standards, and the results of the CAS Testing were accurately reported on CSD Combustion Appliance Safety Inspection Form (CASIF);
 - (e) Inspection of the unit dwelling to ensure all identified health and safety hazards, whether preexisting or resulting from the performance of weatherization services, have been successfully remedied.
- iii. Post-Weatherization Inspections of dwelling units shall be performed by individuals, trained and with expertise in; performing dwelling assessments, performance of combustion appliance safety (CAS) testing and appliance related hazards remedies; performance of blower door diagnostics and Infiltration Reduction Measures; and knowledge of CSD Low-Income Weatherization Policies and Procedures, CSD Conventional Home and CSD Mobile Home Weatherization Installation Standards, Lead-Safe Weatherization Policy and Procedures (if applicable), CSD Health and Safety Plan, and the terms and conditions of this Agreement. Inspector shall certify performed Post Weatherization Inspections of dwelling units, by completing and signing Post Weatherization Inspection Report, CSD 611. Contractor shall retain a copy of the completed and signed form in client file.
- c. Contractor agrees to remedy all Nonhazardous Conditions (nonhazardous work deficiencies) noted by the State or its designee within 20 working days of written notification.

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- d. Contractor must remedy all Hazardous Conditions (safety hazards) resulting from weatherization measure installation. The immediate hazard shall be eliminated within 24 hours, and hazardous conditions shall be completely resolved within five (5) working days of written notification. The time period may be extended for circumstances beyond the Contractor's control; however, the time extension must be approved in writing by CSD prior to the expiration of the five working days.
- e. Effective October 1, 2005, Contractor shall comply with the Title 24, Part 6, of the California Code of Regulations, 2005 Building Energy Efficiency Standards, California Home Energy Rating System Program (HERS), and required field verification and diagnostic testing.
 - i. Contractor's activities with respect to 2005 Building Energy Efficiency Standards, Title 24, Part 6, HERS Regulations, shall be in accordance with EXHIBIT E, ADDITIONAL PROVISIONS, 5. Compliance with Rules and Regulations.
 - ii. Weatherization measures must be installed in accordance with energy-efficiency standards of Title 24, Part 6, and CSD Policies and Procedures.
 - iii. Contractor shall, when required by its local jurisdiction, obtain a building permit when additions or alterations of existing residential buildings are performed or when a component, system, or equipment of an existing building breaks and cannot be repaired. Weatherization measures subject to compliance are as listed in EXHIBIT F, PROGRAMMATIC PROVISIONS, Section 9., Special Provisions – Weatherization Activities, B. Scope of Services, 8) Quality Assurance, item e.
 - iv. Contractor shall obtain the services of a certified HERS Rater to perform the required field verification and diagnostic testing. The HERS Rater shall be an independent entity from the builder or subcontractor performing the building alteration and/or energy-efficiency improvement being tested and verified and shall have no financial interest in the work performed.
 - v. Permit and disposal fees and services performed by a Home Energy Rating System Program (HERS) Rater are

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acceptable expenses and may be charged only once to PVEA, LIHEAP, or DOE Weatherization, per weatherized dwelling. Permit and disposal fee reimbursement does not include staff time and will be reimbursed based on the actual cost of the fee.

- 9) Weatherization Noncompliance
- a. In accordance with the CSD Inspection Policies and Procedures, Contractors shall be subject to the withholding of reimbursement for failure to completely resolve a Hazardous Condition within five working days or within the modified completion date for units receiving a time period extension. The reimbursement sanction will immediately apply to the next fiscal reimbursement request associated with the primary funding source (program) of the weatherized unit in question. The reimbursement sanction will remain in effect until the Contractor successfully resolves the Hazardous Condition and confirms the resolution with CSD and the designated Inspection Contractor. The sanction will apply to all subsequent fiscal reimbursement requests of the primary funding source in question.
 - b. If it is determined that the Contractor has failed to resolve an identified Hazardous Condition in accordance with the Hazardous Correction Work Plan, CSD may utilize the services of the designated Inspection Contractor to successfully resolve the delinquent Hazardous Condition. Contractor will assume responsibility for costs associated with the use of Inspection Contractor's services. The costs will include labor, materials, and travel equal to the Inspection Contractor's training and technical assistance hourly rate and the total amount will be withheld from the Contractor's next request for fiscal reimbursement.
 - c. If it is determined that the Contractor has incorrectly billed CSD because a measure was not installed or the quantity installed is less than the quantity billed, the Contractor shall install the billed measure or quantity, if feasible. In cases when a physical remedy is not possible, repayment of the labor and material costs for the noninstalled measure or quantity will be withheld from subsequent reimbursements.
 - d. In accordance with the CSD Inspection Policies and Procedures, Contractors will be subject to Special Conditions if it is determined that one or more of the following conditions exist:

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- i. Contractor has a history of unsatisfactory performance.
 - ii. Identification of one or more Hazardous Conditions in dwellings weatherized by Contractor.
 - iii. Failure to remedy an identified Hazardous Condition in a timely manner (elimination of immediate hazard within 24 hours and complete resolution correction within five working days of written notification).
 - iv. Substantial number of Nonhazardous Conditions and/or identified trends or patterns of nonconformance to installation criteria.
- e. CSD will implement Imposed Special Conditions on a progressive basis, which may include:
- i. Additional training and technical assistance;
 - ii. Additional reporting requirements; and
 - iii. Formal high-risk designation, and possible suspension and termination.
- f. Based on the severity and frequency of the identified circumstances, CSD may impose any one or more Special Conditions. Should Special Conditions be warranted, CSD shall send the Contractor a written Notice of Special Conditions, which shall contain the following information:
- i. The nature of the Special Condition(s) and/or Sanction(s) being imposed;
 - ii. The reason(s) for imposing Special Condition(s) and/or Sanction(s);
 - iii. The corrective actions that must be taken and the time allowed for completing them before CSD removes the Special Condition(s) and/or Sanction(s).

10) Appeal Process

- a. When Special Conditions are imposed, the Contractor may submit documentation in opposition and request reconsideration by filing a written statement within five (5) working days after receipt of the

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Notice of Special Conditions. The written statement must set forth the issue in dispute, state why the Special Conditions should not be imposed, and provide supporting documentation. The written statement must be mailed, faxed, or hand delivered to:

Energy and Environmental Services Division
Department of Community Services and Development
700 North Tenth Street, Room 258
Sacramento, CA 95814-0338

- b. CSD shall consider and review the documentation presented by the Contractor as well as any showing that the Contractor has adequately corrected the issue(s) leading to imposition of Special Conditions. The Director of the Department of Community Services and Development shall make the final decision regarding the appeal.
- c. CSD shall notify the Contractor in writing of CSD's decision regarding the appeal within ten (10) working days from receipt of the written appeal from the Contractor.
- d. If, after considering the material presented, CSD concludes that the Contractor failed to show cause why the Special Conditions should not be imposed, the Contractor shall be notified in writing of the decision regarding the denial of their appeal and CSD shall impose the Special Conditions as outlined in the Notice of Special Conditions.

11) Selection of Units to be Weatherized

- a. Occupied Multiple Unit Dwellings
 - i. Funds under this Agreement may be used to weatherize an entire building containing multiple dwelling units only if the dwelling units occupied by eligible applicants represent at least sixty-six percent (66%) of the total units within the building. In order to weatherize a building that contains two or four units, at least fifty percent (50%) of the dwelling units must be eligible. Otherwise, only units occupied by eligible households shall be serviced.

The amount of funds, however, applied to weatherization services in a building shall not exceed the number of eligible dwelling units multiplied by the \$2,744 maximum average per unit. Example: if a building of 10 units has

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eight units occupied by eligible households and two units occupied by ineligible households, \$21,952 is the maximum to be reimbursed.

- ii. Contractor shall certify unit eligibility by completing Energy Intake Form, CSD 43 or 44, latest version, for each dwelling unit in each building. Certification of eligibility by the owner/manager of the occupants of the building/complex is not acceptable.

b. Unoccupied Multiple Units Dwelling

Contractor may provide weatherization services under this Agreement to ineligible dwelling units in an unoccupied multiunit building only when the following conditions are met:

- i. The dwelling units will become eligible (occupied by eligible low-income tenants) within 180 days under a federal, state, or local government program for rehabilitating the building or making similar improvement to the building;
- ii. The benefits of weatherization assistance in connection with such rental units, including units where the tenants pay for their energy through their rent, will accrue primarily to the low-income tenants residing in the units. These benefits include lower energy bills, improved health and safety, and a higher level of comfort;
- iii. The owner has signed a copy of the Energy Service Agreement for Rental Units CSD 515 (Rev. 10/99) authorizing the weatherization work, accepting conditions protecting the interests of tenants, and other provisions required by CSD;
- iv. For a period of two years after weatherization work has been completed on a dwelling containing a unit occupied by an eligible household, the tenants in that unit (including households paying for their energy through their rent) will not be subjected to rent increases unless those increases are demonstrably related to matters other than the weatherization work performed. Tenants shall be given a written summary of these conditions with the current telephone number of the Contractor with instructions on how to file a complaint should these conditions not be met.

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Contractor shall investigate all complaints filed and shall forward a copy of all written complaints to CSD or, if a verbal complaint has been made, contact CSD with the details of the complaint (date made, date investigations began, and results). Should a complaint be found valid, Contractor shall obtain the amount equal to the weatherization work performed on that unit from the landlord and, if previously reimbursed from CSD, remit that amount to CSD along with details of the investigation. See Energy Service Agreement for Rental Units, CSD 515 (Rev. 10/99). This form shall be retained in the Contractor's file; and

- v. No undue or excessive enhancement shall occur to the value of the dwelling units.
- c. Contractor shall obtain written permission of the owner of a rental unit, or his/her agent, prior to performing any weatherization services. Such permission shall be recorded on the sample Service Agent Agreement/Rental Units form or Contractor's equivalent.
- d. Weatherization services shall be provided to a dwelling unit on a one-time basis for the same occupant(s), except that Contractor may return to the unit within the same calendar year under which the initial services were provided and apply measures not applied during the initial services within the total remaining expenditure limit. Reimbursement for outreach and dwelling assessment shall not be claimed nor can the unit be claimed as another completion. The only exception shall be when the unit is damaged by a natural disaster such as a fire, earthquake, hurricane, etc., and such damage is not covered by insurance.
- e. Contractor shall not weatherize a dwelling unit that is designated for acquisition or clearance by a federal, state, or local program within 12 months from the date weatherization of the dwelling unit would be scheduled to be completed.

10. Lead-Safe Weatherization

Contractor shall perform all weatherization services on pre-1979 units in a lead-safe manner in accordance with CSD Conventional and Mobile Home WIS, Appendix I., and Cal/OSHA Lead in Construction Standard, Title 8, Code of California Regulations (CCR) Section 1532.1, and CSD Lead-Safe Weatherization Policies.

EXHIBIT F
(Standard Agreement)

- A. Lead-based paint is presumed to be present in all pre-1979 units unless the dwelling unit has previously been certified by a California Certified Inspector/Risk Assessor to be lead-free. A copy of the certification must be placed in client's file. In all units not certified to be lead-free, all weatherization measures that disturb painted surfaces are subject to lead-safe weatherization guidelines in accordance with the CSD Lead-Safe Weatherization Policies.
- B. In United States Department of Housing and Urban Development (HUD) units built prior to 1979, lead-based paint is presumed to be present unless the dwelling unit has been certified by a California Certified Inspector/Risk Assessor to be lead-free. HUD units not previously certified to be lead free, built prior to 1979, and receiving weatherization services in which painted surfaces exceeding de minimis levels (refer to EXHIBIT I, DEFINITIONS) are disturbed require the successful achievement of lead-safe standards after the completion of weatherization services. Contractor shall assure that a third-party California Certified Inspector/Risk Assessor performs the clearance inspection after the completion of weatherization services and that the Assessor deems the weatherized HUD unit as lead-safe. Should a clearance inspection be required, agencies should defer the costs of the clearance inspection to the property owner and/or local housing authority. In many cases, the local housing authority has licensed inspectors and may possibly conduct a clearance inspection of a HUD unit free of charge. However, in those instances where the property owner and/or the local housing authority are unable to incur the costs of the clearance inspection, Contractors may seek a waiver allowing the cost of the inspection as a reimbursable activity. Waiver requests will be treated on a case-by-case basis and must be approved by CSD prior to beginning weatherization services. A copy of the clearance inspection must be placed and maintained in the client's file.
- C. The occupant(s) of pre-1979 units must not be in the immediate vicinity of the work area and cannot reoccupy the work area until it has been thoroughly cleaned in accordance with the CSD Lead-Safe Weatherization Policies.

EXHIBIT G
(Standard Agreement)

MATERIALS STANDARDS THAT ARE NOT INCLUDED IN THE CSD
WEATHERIZATION INSTALLATION STANDARDS

Also please refer to revised Department of Energy 10 CFR Part 440 Appendix A – Standards for Weatherization Materials, updated April 1, 2001.

REPLACEMENT FURNACES AND BOILERS

Chimneys, fireplaces, vents, and solid fuel-burning appliances	NFPA ¹ 211-1988-2000 (same as ANSI ² A52.1)
Gas-fired furnaces	ANSI ² Z21.47-1998, and ANSI Z223.1-1999 (same as NFPA 54-1999)
Oil-fired furnaces	UL ³ 727 Eighth Edition, 1994 and NFPA 31-2001
Liquid petroleum gas storage	NFPA ¹ 58 2001

HEATING REPAIRS

Replace Combustion Chamber in Oil-Fired Furnaces or Boilers	Conformance to NFPA ¹ 31-2001
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¹ National Fire Protection Association

² American National Standards Institute

³ Underwriters Laboratory

EXHIBIT H
(Standard Agreement)

WEATHERIZATION PRIORITY PLAN NARRATIVE

Priority Plans should be structured to be consistent with your goals identified in EXHIBIT B, ATTACHMENT II, PVEA WEATHERIZATION PROGRAM BUDGET, Section E. Please describe how you will select dwellings to be weatherized, and describe the outreach methods to be utilized to assure that eligible households are made aware of the services through the PVEA Weatherization Program or any similar energy-related assistance program.

Consider items such as health and safety issues and units within close proximity. Refer to EXHIBIT F, PROGRAMMATIC PROVISIONS, Sections 9., Special Provisions, of this Agreement, which outlines the service priorities, outreach activities, and previously weatherized dwellings under the Low-Income Home Energy Assistance Program or the Department of Energy Weatherization Assistance Program.

EXHIBIT I
(Standard Agreement)

DEFINITIONS

GENERAL DEFINITIONS

Authorized Agent: The duly authorized representative of the Board of Directors of Contractor and duly elected or appointed, qualified, and acting officer of the State. In the case of Contractor, the State shall be in receipt of board resolution affirming an agent's representative capacity to bind Contractor to the terms of this Agreement.

Contractor: The entity (partnership, corporation, agency, or association) designated on page 1 of this Agreement.

CSD: The Department of Community Services and Development, State of California.

Non-State Entity: A business, organization, or individual that is not a State entity but that requires access to State information assets in conducting business with the State. Includes, but is not limited to, researchers, vendors, consultants, and their employees and entities associated with federal and local government and other states.

Parties: The State of California and the Contractor.

State: The State of California, Department of Community Services and Development.

Subcontractor: An individual or business entity contracting to perform all or a portion of services covered under this agreement.

Subcontract: Contract agreement entered into by and between Contractor and Subcontractor to perform all or a portion of services covered under this agreement.

This Agreement: The complete contents of this contract entered into by and between the State and Contractor, including all rights, duties, and obligations, whether expressed or implied, required toward the legal performance of the terms hereof.

APPLICANT DEFINITIONS

Children: Members of a household who have not attained their nineteenth (19th) birthday.

Person with Disabilities (also known as Disabled Person): Any individual who is: (1) a handicapped individual as defined in Section 7(6) of the Rehabilitation Act of 1973; (2) under a disability as defined in Section 1614(a)(3)(A) or 223(d)(1) of the Social Security Act or in Section 102(7) of the Development Disabilities Services and Facilities Construction Act; or (3) receiving benefits under Chapter 11 or 15 of Title 38 U.S.C.

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Dwelling Unit: A house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters.

Elderly: An individual 60 years of age or older.

Family Unit: All persons living together in a dwelling unit.

Migrant Farm Worker: A seasonal farm worker who performs or has performed farm work during the eligibility determination period (any consecutive 12-month period within the 24-month period preceding application for program benefits and/or services) which requires travel such that the worker is unable to return to his/her domicile (permanent place of residence) within the same day.

American Indian (also known as Native American): Any individual who is a member or a descendant of a member of a North American tribe, band, or other organized group of native people who are indigenous to the continental United States or who otherwise have a special relationship with the United States through treaty, agreement, or some other form of recognition, residing within the State. This includes any individual who claims to be an Indian and who is regarded as such by the Indian community of which he or she claims to be a part. This definition also includes Indians of Alaska.

Seasonal Farm Worker: A person who during the eligibility determination period (any 12-month period within the 24-month period preceding application for program benefits and/or services) was employed at least 25 days in farm work or earned at least \$400 in farm work; and who has been primarily employed in farm work on a seasonal basis, without a constant year-round salary.

Separate Living Quarters: Living quarters in which the occupant(s) do not live and eat with any other person(s) in the structure and which have either: (1) direct access from the outside of the building or through a common hall or (2) complete kitchen facilities for the exclusive use of the occupant(s). The occupant(s) may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

ENERGY CONSERVATION MEASURES AND ACTIVITY DEFINITIONS

California Certified Inspector/Risk Assessor Contractor: An individual who is certified by the State of California, Department of Health Services, as a lead-related construction Inspector/Risk Assessor.

Certified Lead-Free: Residential property in which it has been determined by a California Certified Inspector/Risk Assessor Contractor to be absent from the presence of lead-based paint.

Certified Lead-Safe: Residential property in which lead-painted surfaces are intact and/or have been treated with measures to stabilize and eliminate lead-paint hazards, and as such, poses no

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immediate threat to the occupants as determined by a California Certified Inspector/Risk Assessor Contractor.

Client Intake: The act of determining if a person seeking PVEA Weatherization services is eligible for such services. The process of completing an intake form and reviewing applicant documentation includes citizenship verification in order to verify eligibility.

Client Needs Assessment: The act of acquiring any and all additional appropriate information regarding a person who is seeking PVEA Weatherization services AFTER eligibility has been established.

Crisis: Weather-related and/or supply shortage emergencies and other household energy-related emergencies that negatively impact the energy-related economic conditions of low-income households. A crisis can be caused by:

- a. Cold or hot weather related events, such as flood, earthquake, tornado, hurricane, ice storm/freeze; or events meeting such other criteria as the Governor, and/or the President of the United States, at their discretion, and/or their designee, may determine to be appropriate; or
- b. Geopolitical events, such as wars, terrorism, civil disturbances, and embargoes, including geopolitical events that negatively impact the energy-related economic conditions of low-income households.

Di Minimis Levels: The amount of lead paint disturbed in a dwelling is comprised of two (2) square feet per room of interior surfaces, or twenty (20) square feet of exterior surface, or ten percent (10%) of a small component, e.g., window sill, baseboards, and trim. When calculating the di minimis level, the entire surface of the component must be included in the computation. For example, when replacing a 2 x 3 foot window, the di minimus level would be six (6) square feet and would exceed the maximum allowance for interior surfaces and the unit would be subject to HUD Regulation.

Dwelling Assessment: The process of performing an on-site review of the dwelling unit of an eligible applicant in order to determine the labor and materials necessary to install energy conservation measures.

Electric Base Load Measure: A measure that addresses the energy efficiency and energy usage of lighting or appliances. Allowable electric base load measures are compact fluorescent lamps and fixtures, replacement refrigerators, electric water heaters, microwave ovens, fluorescent torchiere lamps, evaporative cooler installations, and window/wall air conditioner replacement.

Emergency: Either:

- a. A natural disaster;

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- b. A significant home energy supply shortage or disruption;
- c. A significant increase in the cost of home energy, as determined by the Secretary;
- d. A significant increase in home energy disconnections reported by a utility, a state regulatory agency, or another agency with necessary data;
- e. A significant increase in participation in a public benefit program such as the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), the national program to provide supplemental security income carried out under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) or the State temporary assistance for needy families program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), as determined by the head of the appropriate federal agency;
- f. A significant increase in unemployment, layoffs, or the number of households with an individual applying for unemployment benefits, as determined by the Secretary of Labor;
or
- g. An event meeting such criteria as the secretary, in the discretion of the Secretary, may determine to be appropriate.

Energy Burden: The expenditures of the household for home energy divided by the income of the household.

Energy Conservation Measures: The measures as defined in the CSD Weatherization Installation Standards Manual.

Evaporative Cooler Repairs: Repair or replacement of filter pads, water pumps, belts, motors, or other components that promote efficient operation of the unit.

Expatriate Corporations (Public Contract Code, section 10286.1): An "expatriate corporation" means a foreign incorporated entity that is publicly traded in the United States to which all of the following apply:

- a. The United States is the principal market for the public trading of the foreign incorporated entity.
- b. The foreign incorporated entity has no substantial business activities in the place of incorporation.
- c. Either clause i. or clause ii. applies:
 - i. The foreign entity was established in connection with a transaction or series of related transactions pursuant to which (I) the foreign entity directly or indirectly acquired substantially all of the properties held by a domestic corporation or all

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of the properties constituting a trade or business of a domestic partnership or related foreign partnership, and (II) immediately after the acquisition, more than 50 percent of the publicly traded stock, by vote or value, of the foreign entity is held by former shareholders of the domestic corporation or by former partners of the domestic partnership or related foreign partnership. For purposes of subclause (II), any stock sold in a public offering related to the transaction or a series of transactions is disregarded.

- ii. The foreign entity was established in connection with a transaction or series of related transactions pursuant to which (I) the foreign entity directly or indirectly acquired substantially all of the properties held by a domestic corporation or all of the properties constituting a trade or business of a domestic partnership or related foreign partnership, and (II) the acquiring foreign entity is more than 50 percent owned, by vote or value, by domestic shareholders or partners.
 - (iii) For purposes of this subparagraph, indirect acquisition of property includes the acquisition of a stock share, or any portion thereof, of the owner of that property.

Filter Replacement: May be a one- or a two-step measure. The one-step measure is to replace forced-air unit filters with a washable filter, or three disposable filters (install one, leave two with the client).

Hazardous Condition: Any condition posing an immediate health and safety threat to the client and/or persons working in the dwelling unit. Hazardous conditions include, but are not limited to: Combustion Appliance Safety (CAS) hazards, appliance-related hazards, and electrical hazards as defined in the CSD Inspection Policies and Procedures.

Heating/Air Conditioning Appliance Repairs/Replacements: The complete unit replacement (as described in EXHIBIT B, BUDGET DETAIL AND PAYMENT PROVISIONS, ATTACHMENT I, PAYMENT GUIDELINES FOR WEATHERIZATION ACTIVITIES), cleaning of fuel nozzles and jets, adjustments of gas pressure and/or air/fuel mixture, replacement of thermocouples, adjustment of refrigerant charge, or other component repairs or replacements necessary for safe and efficient operation. Must be accomplished by a person licensed to perform such work. Special licensing may be required for the installation and/or repair of Evaporative Cooler, Air Conditioning, Gas and Electric Water Heaters, and HVAC systems if two or more weatherization measures are not installed in a single unit. Electrical wiring upgrade/replacement and knob-and-tube wiring certification will always require a C-10 license. If required by local jurisdiction, a building permit must be obtained and finalized for vented appliance installations.

Highest Home Energy Needs: The home energy requirements of a household determined by taking into account both the energy burden of such household and the unique situation of such household that results from having members of vulnerable populations, including very young children (0-5), individuals with disabilities, and frail older individuals (60+).

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Home Energy Rating System (HERS) Provider, also referred to as HERS Rater: An entity or individual recognized by the California Energy Commission as a HERS Provider and certified in performing the necessary field and diagnostic testing verifications for demonstrating compliance with the 2005 Building Energy Efficiency Standards.

HUD Unit: A housing unit participating in a U.S. Department of Housing and Urban Development (HUD) Assisted Housing Program.

Minor Envelope Repairs: Those repairs necessary for the effective performance or preservation of weatherization materials or to stop infiltration and general heat waste. Contractor shall maintain labor hours cost, materials cost, and required building permits in client's file. Minor envelope repairs include the following:

- a. Blower-door-identified infiltration repairs;
- b. Combustion air venting;
- c. Cover plate replacements;
- d. Entrance door modification, repair, adjustments, and/or replacement and attendant hardware (except deadbolts) into conditioned areas including frames, thresholds, and doorstops. (If the original door had a deadbolt and it can be removed and placed on the new door, then labor costs for this activity can be charged.) The installation of deadbolts in conjunction with an exterior door replacement is allowable on rental units only, however, it is not an allowable reimbursement when entrance doors are modified or repaired. Reimbursement will be based on the material costs for the door, the deadbolt, if applicable, and the labor.
- e. Exhaust fan repair or replacement;
- f. Floor repair for mobile home water heater;
- g. Knob-and-tube wiring "Notice of Survey by Electrical Contractor" and installation of simple overcurrent protection per the CSD Low-Income Weatherization Assistance Program Policies and Procedures Manual;
- h. Minor roof repairs, and materials used to protect the materials installed from the weather;
- i. Mobile home skirting repairs to prevent animal infiltration;
- j. Patching holes in the building envelope that are too big to caulk (includes replacing attic/crawl space access covers); and
- k. Range hood damper and fireplace chimney damper repair or installation.
- l. Exclusions:

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1. Air conditioner and/or furnace cleaning and filter replacement;
2. Kitchen cabinet repairs and retrofits that are not associated with the replacement of a range, cook top or previously installed microwave;
3. Sliding glass door repair and replacement;
4. Window and glass repair and replacement; and
5. Any other measure that has a chargeable line item.

Mobile Home: A manufactured home that is a permanent, full-time residential dwelling and is not used for commercial purposes.

Multi Unit Dwellings: Defined as residential dwelling structures containing more than one residential unit, including: duplexes, triplexes, fourplexes, and multi-unit apartments. For purposes of travel reimbursement to contractors, Multi-Unit Dwellings are defined multi-unit dwellings, e.g. apartments, with five or more attached residential units.

Natural Disaster: A weather event (relating to cold or hot weather), flood, earthquake, tornado, hurricane, or ice storm, or an event meeting such other criteria as the Secretary of Federal Department of Health and Human Service, in the discretion of the Secretary, may determine to be appropriate.

Outreach and Its Related Costs: Outreach activities are designed to ensure that eligible households, especially households with elderly and/or disabled individuals with high home energy burdens, are made aware of the assistance available. Costs relating to these activities may include, developing outreach materials (flyer/brochure information packets), advertising costs, printing costs, outreach mailers to targeted households, travel to outreach sites and related facilities, site costs, and the referral of eligible households to assistance providers in the community. Intake and assisting with the completion of an intake form are not considered outreach or a related cost.

Ride-Along: An agency representative who accompanies a designated third-party inspector while performing on-site inspections. CSD requires that, when possible, a ride-along be sufficiently trained to make necessary corrections during inspections, thereby minimizing or eliminating the need for return trips that may inconvenience the client and/or require re-inspection in accordance with the CSD Inspection Policies and Procedures.

Single-Family Dwelling: A dwelling structure containing no more than one dwelling unit. For the purposes of travel reimbursement, a single-family dwelling is defined as a one-unit, single-family dwelling or a one-unit, single-residential housing dwelling with one to four attached units.

Site-Built Dwelling: A conventional dwelling unit built on location, differentiated from manufactured (mobile) homes. Also known as stick-built.

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Vendor: An individual, sole proprietorship, firm, partnership, corporation, or any other business venture from which materials and goods are supplied and purchased.

Vulnerable Populations: Young children (ages 5 years or under), disabled, and elderly persons (ages 60 or older).

Wood-Fueled Stoves and Fireplace Inserts: Wood-fueled stoves and fireplace inserts installed under this program must meet the listing and labeling requirements of the CSD WIS. The recipient and landlord (if applicable) must agree that the stove will remain in the residence where installed. Installation must conform to local fire and building department regulations (Department of Housing and Community Development for Manufactured Homes), must be installed by a person licensed to perform such work, or Contractor must have on file written approval of such installation by a fire department or building inspection official. A building permit is required. A wood-fueled space heater shall not be installed in a dwelling for which natural gas service is available or to replace an existing, safely operating wood-fueled space heater.

2005 PVEA WEATHERIZATION FORMS

Please use these forms as masters and distribute them to your programmatic and administrative staff who are involved in the 2005 Petroleum Violation Escrow Account (PVEA) Weatherization Contract.

- **2005 PVEA Bimonthly Weatherization Expenditure/Activity Report, CSD 691 (New 07/05) (six pages), and Instructions (seven pages).**
- **2005 PVEA Weatherization Close-Out Package, consisting of:**
 - **2005 PVEA Weatherization Contract Close-Out Checklist and Certification of Documents Transmitted, CSD 733P (New 07/05) (one page) and Instructions (one page); and**
 - **2005 PVEA Weatherization Close-Out Equipment Inventory Close-Out Schedule, CSD 734P (New 07/05) (one page), and Instructions (one page).**